

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges Vide SEBI Circular No CIR/CFD/DIL/7/2012 dated August 13, 2012 and Bombay Stock Exchange circular no DCS/COMP/CIR-10/2012-13 dated August 21, 2012.

1.	Name of the Company	M/s. CG-VAK SOFTWARE AND EXPORTS LIMITED Scrip Code : 531489
2.	Annual Financial Statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	Non-provision of Gratuity - 3 years, Non-payment of Fixed Deposit - 1 year
5.	To be Signed by:	
	• CEO/Managing Director (Mr.G.Suresh)	
	• CFO (Mr.P.S.Subramanian)	
	• Auditor of the Company (Mr.S.Lakshminarayanan)	
	• Audit Committee Chairman (Mr.S.Muthukumar)	

Place : Coimbatore
Date: 29th May, 2013

18th Annual Report 2013



CG-VAKTM
SOFTWARE & EXPORTS LTD.

An ISO 9001 : 2008 Certified Company



BOARD OF DIRECTORS

Mr.C. Ganapathy, B.Sc., Agri.	Executive Chairman
Mr.M. Durairaj, M.Sc., B.Ed.,	Independent Director
Mr.S. Mohan, B.E.	Independent Director
Mr.S. Muthukumar B.Sc., B.E., M.B.A	Independent Director
Mr.A.Sankar B.A	Independent Director
Mr.G.Suresh, B.E., M.B.A	Managing Director

COMPANY SECRETARY

Shainshad Aduvanni

AUDITORS

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

BANKERS

State Bank of India
Union Bank of India
Indian Overseas Bank
Bank of America

REGISTERED OFFICE**Unit I**

171, Mettupalayam Road
Coimbatore 641 043
INDIA

Unit II

S.F.No. 174/2, Thiruvalluvar Street
Vellakinar Pirivu Road, G.N.Mills Post,
Coimbatore – 641029.

REGISTRARS & SHARE TRANSFER AGENTS

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

SUBSIDIARY (USA)

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

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

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CG-VAK SOFTWARE AND EXPORTS LIMITED
Registered Office: 171, Mettupalayam Road, Coimbatore – 641 043

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 18th Annual General Meeting of CG-VAK Software And Exports Limited will be held on Friday the 23rd day of August 2013 at 4.30 PM at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore 641 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the accounts of the Company for the year ended 31st March 2013 and Auditors' Report thereon.
2. To declare dividend, if any.
3. To appoint a Director in the place of Mr.S.Muthukumar, who retires by rotation and is eligible for reappointment.
4. To appoint the Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To Consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the Act, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr.G.Suresh as the Managing Director of the company for a further period of 3 years from 1st September 2013 to 31st August 2016, on the following terms and conditions with liberty to the Board of Directors to alter and vary the terms and conditions of the remuneration within the overall limits specified in schedule XIII of the companies act, 1956.

(A) Salary
Salary of Rs.2,50,000/- Per month
Commission on net profit: 1% of the net profits of the company computed in accordance with the sections 198,309& 349 of the Companies act, 1956.

(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 ie., 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) Contribution to Provident Fund
(6) Telephone: The Company shall provide telephone at residence for office use.
(7) Personal Accident Insurance.

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

“RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, the Managing Director shall be paid a minimum remuneration of the salary mentioned above and the perquisites and allowances will be within the overall ceiling as specified by section II of Part II of schedule XIII to the Companies Act, 1956, as in force, from time to time”

“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.”

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 PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special business to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of the Notice.
3. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting are separately annexed hereto for item no. 3 & 5.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Monday, the 12th August, 2013 to Friday, the 23rd August, 2013 (both days inclusive)**.
5. The dividend if declared at the Annual General Meeting will be paid within 30 days from the date of the Annual General Meeting.
6. Members who are holding shares in physical form are requested to intimate/update immediately their change of address / change of bank account/ email ID, if any, to **M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore 641 006**, our Registrar & Share Transfer Agents. Please quote your Folio Number and 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.

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

Place : Coimbatore
Date : 29th May, 2013

G. SURESH
Managing Director

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED, VIDE ITEM NO. 3 & 5.

i.	Name of the Director	Mr.S.Muthukumar
	Age	51 years
	Date of appointment on Board	23/09/2002
	Date of last reappointment	31/08/2009
	Expertise in specific functional areas	Business
	Qualification	B.Sc., B.E., M.B.A
	No. of Equity Shares held in Company	2500 Equity Shares (as on 31.03.2013)
	List of outside Directorships in Public Companies	NIL
	Chairman/Member of the Committees of Board of Directors of the Company	1. Chairman of the Audit Committee 2. Chairman of the Shareholders Grievance Committee 3. Chairman of the Remuneration Committee.
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
	Relationship with other Directors	NIL
ii.	Name of the Director	Mr.G.Suresh
	Age	48 years
	Date of appointment on Board	01/09/1995
	Date of last reappointment	30/08/2010
	Expertise in specific functional areas	Business
	Qualification	B.E., MBA.
	No. of Equity Shares held in Company	921677 Equity Shares (as on 31.03.2013)
	List of outside Directorships in Public Companies	NIL
	Chairman/Member of the Committees of Board of Directors of the Company	NIL
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
	Relationship with other Directors	Son of Executive Chairman Mr.C.Ganapathy

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE OF THE 18TH ANNUAL GENERAL MEETING OF THE COMPANY IN RESPECT OF ITEM NO. 5 OF NOTICE DATED 29TH MAY 2013

The period of appointment of Sri G.Suresh as Managing Director, approved by the shareholders at the Annual General Meeting of the Company held on 30th August, 2010 will expire by the close of 31st August, 2013. The Board of Directors of the Company at its meeting held on 29th May, 2013 has reappointed Sri G.Suresh as Managing Director for a further period of 3 years with effect from 1st September, 2013. During the Annual General Meeting held on 30th August, 2010, the Resolution for reappointment of Mr.G.Suresh was passed for 5 years and since no appointment can be made for a period exceeding 3 years, the Resolution is brought before the Shareholders for their approval. The terms of reappointment of the Managing Director have been finalised by the Remuneration Committee of the Board of Directors at its meeting held on 13th February, 2013. The terms finalised by the Remuneration Committee and recommended for approval by the Board of Directors are specified in the resolutions.

Sri 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.

The resolution in the item no. 5 in the Notice together with this explanatory statement maybe treated as an abstract u/s. 302 of the Companies Act, 1956.

The Board of Directors recommends the resolutions to shareholders for approval.

Interest of Directors:

Sri G.Suresh, Managing Director, is interested in this resolution as it concerns his appointment. Sri C.Ganapathy, Executive Director is interested in this resolution as Sri G.Suresh is related to him. No other Director is directly or indirectly concerned or interested in this resolution.

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

Place : Coimbatore
Date : 29th May, 2013

G. SURESH
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company take pleasure in presenting the 18th Annual Report on the business of your Company and the Audited Financial Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS 2012-13

During the year under review, your Company has achieved a turnover of **Rs.869.21 lakhs** as against Rs. 659.99 Lakhs in the previous year. There is a net Profit of **Rs. 102.54 lakhs** as against the net loss of (Rs.123.67) lakhs in the previous year.

GLOBAL REVENUE

The global revenues for the Company including the business done by the Wholly Owned Subsidiary for the year under review is **Rs.23.05 crores** as compared to previous year was Rs. 19.55 crores.

REVIEW OF BUSINESS

The contributions of business from various Geographical area were:

North America contributed to 77% and Rest of the World 23 %.

Business from Offshore Software Services was Rs.854.77 lakhs during the year 2012-2013 as against Rs. 639.78 lakhs in the previous year. The increase has been at 34% compared with previous year.

QUALITY

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

FUTURE PLANS

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

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

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

We expect to continue our positive growth this year and the Company should perform better in the ensuing year FY 2013-14.

DIVIDEND

Your Directors recommended a dividend of Rs. 0.50 per equity share (i.e 5% on each equity share having Face value of Rs. 10 each), subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be of Rs.29.52 lakhs inclusive of tax amount of Rs.4.29 lakhs.

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

US SUBSIDIARY: CG-VAK SOFTWARE USA INC.

Your Company's Wholly Owned Subsidiary at USA, CG-VAK Software USA Inc. has made a Sales Turnover of USD 2.80 million during this year, compared to the USD 2.78 million during the previous year.

In terms of the exemption granted by the Central Government vide notification number 51/12/2007-CL-III dated February 8, 2011, the Balance Sheet and Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Annual Report of the Company. However upon request by the shareholder of the Company, the annual accounts of the subsidiary companies will be made available. Pursuant to Section 212 of the Companies Act, 1956, the financial data along with equity share capital of the subsidiaries forming part of this Annual Report. Further, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, consolidated financial statement presented by the Company includes financial information of its subsidiaries.

INSPECTION UNDER SECTION 209A OF THE COMPANIES ACT, 1956

During the year, inspection under Section 209A of the Companies Act, 1956 was carried out by the office of Ministry of Corporate Affairs and the company has provided the reply for the clarifications sought by MCA.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.S.Muthukumar, retire from office by rotation, and being eligible offer himself for re-appointment at the ensuing Annual General Meeting of the Company.

The Board has reappointed Sri G.Suresh as Managing Director for a period of 3 years from 1st September, 2013 and resolutions for approval of his re-appointment and terms of reappointment have been included in the notice convening the 18th Annual General Meeting of the Company.

Brief particulars of Directors eligible for reappointment in terms of Clause 49 of the Listing Agreement are annexed to the Notice dated 29th May, 2013 for convening the 18th Annual General Meeting.

AUDITORS

The Statutory Auditors of the Company M/s. S.Lakshminarayanan Associates, Chartered Accountants, Coimbatore, retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment. The Board recommends their re-appointment for the next term.

PUBLIC DEPOSIT

The Deposits accepted by your Company are within the prescribed limits and the provision of Section 58-A of the Companies Act, 1956, and the rules framed there under are complied with. There are no unclaimed deposits as on 31.03.2013.

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

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

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

As the Company has no employee drawing a salary of Rs.5, 00,000/- per month or above or Rs.60, 00,000/- per annum or above during the year 2012-2013, there are no particulars to be furnished under section 217(2A) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

1. Followed in the preparation of the Annual Accounts, the applicable accounting standards.
2. Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the financial position of the Company for the period.
3. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
4. Prepared the attached statement of accounts for the year ended 31st March 2013 on a going concern basis.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

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

ACKNOWLEDGEMENT

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

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

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

Place: Coimbatore
Date : 29th May, 2013

C.GANAPATHY
Chairman

Addendum to the Auditors' Report to the members of M/s. CGVAK Software And Exports Limited

- (a) With reference to the auditors' remark on non provision of gratuity claim (note No.4.10), we wish to state that no provision has been made as the complainant, a former director of the company was a Non Executive Director. He was not in receipt of any salary and hence not eligible for any gratuity. The company has disputed the claim and the case is pending before the Labour Court.
- (b) With reference to the auditors' remark on claim for non payment of fixed deposits (note no.4.11), We wish to state that the claim made by a former Managing Director and his family members before the Honourable High Court of Madras is against an earlier claim before the Company Law Board which was decided in favour of the company. The Company has disputed the claim.

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

Place: Coimbatore
Date : 29th May, 2013

C.GANAPATHY
Chairman

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

FORM A - NOT APPLICABLE

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

- A. RESEARCH AND DEVELOPMENT** The nature of the business of software development involves inbuilt, constant Research and Development as a part of its process of manufacturing (development). The Company is developing 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. FOREIGN EXCHANGE EARNING AND OUTGO**
- | | |
|-------------------------------|-----------------|
| 1. Foreign Exchange Earnings: | Rs. 8,80,42,446 |
| 2. Foreign Exchange Outgo: | |
| (a) Foreign Travel : | Rs. 1,65,271 |
| (b) Others : | Rs. 3,20,288 |
| Total: | Rs. 4,85,559 |

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

Place: Coimbatore
Date : 29th May, 2013

C.GANAPATHY
Chairman

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

- | | | |
|--|---|-------------------------------------|
| 1. Name of the Subsidiary | : | CG-VAK Software USA Inc. |
| 2. Financial year ended | : | 31st March, 2013 |
| 3. No.of shares held in the Subsidiary
As on the above date | : | 750 equity shares of \$ 1000/- each |
| 4. Percentage of holding of equity | : | 100% |
| 5. Net aggregate of profits or losses
for the current financial year of the
Subsidiary so far as it concerns the
members of the holding company | : | |
| A. Dealt with or provided in the
accounts of the holding company | : | Nil |
| B. Not dealt with or provided in
the accounts of the holding company | : | USD 42,555 |
| 6. The net aggregate of profit or losses
for the previous financial years of the
subsidiary so far as it concerns the
members of the holding company, | : | |
| A. Dealt with or provided in the
accounts of the holding company | : | Nil |
| B. Not dealt with or provided in
the accounts of the holding company | : | USD 5,00,308 |

G.Suresh
Managing Director

C.Ganapathy
Executive Chairman

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

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

The details of subsidiaries in terms of General Circular No.2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956 are as under

SL No	Subsidiary	CG-VAK Software USA Inc (INR)
1	Share Capital	3,54,80,000
2	Reserves and Surplus	3,43,34,642
3	Total Assets	9,46,62,443
4	Total Liabilities	9,46,62,443
5	Details of Investments	-
6	Turnover and Other Income	14,36,79,146
7	Profit / (Loss) Before Taxation	33,52,470
8	Provision for Taxation	10,07,737
9	Profit / (Loss) After Taxation	23,44,733
10	Proposed Dividend	-
11	Reporting Currency*	US Dollar (USD)

* The Financial Statements of subsidiary whose reporting currency other than INR are converted into Indian 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.54/USD (Rs.48.60 / USD for the previous year ended 31st March 2012) and translated on appropriate basis for monetary, non-monetary, income and expenditure.

G.Suresh
Managing Director

M.Durairaj
S.Mohan
A.Sankar

Place : Coimbatore
Date : 29th May, 2013

C.Ganapathy
Executive Chairman

S. Muthukumar
Directors

Shainshad Aduvanni
Company Secretary

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

I. Company's Philosophy on Corporate Governance

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

II. Board of Directors

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

Sl No	Name of Director	Category of Directorship	No. of Board Meetings (From 01.04.2012 to 31.03.2013)	Attendance at Last AGM	No. of other Directorships held in Public Companies*	No. of Membership (M)/ Chairmanship (C) in other Board Committee(s)*
						(As on 31.03.2013)
1.	Mr.C.Ganapathy, Executive Chairman	Promoter, Executive Director	4	Yes	NIL	NIL
2.	Mr.G.Suresh, Managing Director	Promoter, Executive Director	3	Yes	NIL	NIL
3.	Mr.M.Durairaj	Independent, Non-Executive Director	-	No	NIL	NIL
4.	Mr.S.Muthukumar	Independent, Non-Executive Director	4	Yes	NIL	NIL
5.	Mr. S.Mohan	Independent, Non-Executive Director	2	No	NIL	NIL
6.	Mr.A. Sankar	Independent, Non-Executive Director	4	Yes	NIL	NIL

Four Board Meetings were held during the 12 month period ended 31.03.2013. The dates of the Board Meetings were held are 30.05.2012, 09.08.2012, 09.11.2012 and 13.02.2013.

* Directorships in Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956 are excluded for this purpose.

III. Audit Committee

The primary objective of this committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by Stock Exchange regulations and the provisions of The Companies Act, 1956.

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

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	4	2
3.	Mr.M.Durairaj	4	-
4.	Mr.A. Sankar	4	4

The Committee met four times during the year on 30.05.2012, 09.08.2012, 09.11.2012 and 13.02.2013.

IV. Remuneration Committee

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

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

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	1	1
3.	Mr.A. Sankar*	1	1

The Committee has met one time during the year under review.

* Mr. A. Sankar was appointed as a Member of Remuneration Committee by the Board w.e.f 13.02.2013

Please note that Mr. M.Durairaj ceased to be a Member of Remuneration Committee of the Company w.e.f 13.02.2013

Details of the Remuneration paid to the Directors during the year ended 31st March 2013.
I. Executive Directors

Name & Position	Salary	Commission	Total Remuneration
Mr.G.Suresh, Managing Director	Rs.30.00 lakhs	Nil	Rs.30.00 lakhs
Mr.C.Ganapathy, Executive Chairman	Rs.3.00 lakhs	Nil	Rs.3.00 lakhs

The Company is of the opinion that the computation of net profit under Sec.349 of the Companies Act, 1956 is not required to be made as no commission is paid/payable to the Directors for the year end 31.03.2013.

II. Non-Executive Directors

Remuneration by way of sitting fees is paid to all non-executive directors at the rate of Rs. 2000/- per sitting upto 09.11.2012 and w.e.f. 13.02.2013 sitting fees was raised to Rs. 3000/- per sitting for attending each meeting of the Board.

Sl. No.	Name	Sitting Fees(Rs.)
1.	Mr.S.Muthukumar	9,000
2.	Mr.S.Mohan	5,000
3.	Mr.M.Durairaj	-
4.	Mr.A.Sankar	9,000

Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March 2013:

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

V. Share holder's/Investor's Grievance Committee

During the year 2012-2013, Three complaints were received from shareholders / authorities to the Company. All of them were replied/resolved to their satisfaction.

The Investor's Grievance Committee consists of One Executive Director and Three Independent Directors. The Chairman of the Committee is an Independent Director.

The Committee met Four times during the year on 30.05.2012, 09.08.2012, 09.11.2012 and 13.02.2013.

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	4	4
3.	Mr. S.Mohan	4	2
4.	Mr.A.Sankar	4	4

Mr. Shainshad Aduvanni, the Company Secretary is the Compliance Officer of the Company.

The Company has exclusively designated the following e-mail id for Investor Relations: shainshad@cgvakindia.com, chandru@cgvakindia.com. Members can also send e-mail to investorservices@cgvak.com

VI. Annual General Meetings

Year	Type	Location	Date	Time	Special Resolutions passed by the Shareholders
2010	AGM	Hotel Annalakshmi, 106-A, Race Course, Coimbatore	30.08.2010	4.30P.M	NIL
2011	AGM	Hotel Annalakshmi, 106-A, Race Course, Coimbatore	26.08.2011	4.35P.M	Re-appointment of Mr.C.Ganapathy Executive Chairman for a period of 5 years w.e.f. 01.07.2011
2012	AGM	Hotel Annalakshmi, 106-A, Race Course, Coimbatore	21.09.2012	4.30P.M	NIL

Postal Ballot

No resolutions were passed by Postal ballot in the year under review

VII. Code of Conduct

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

VIII. Disclosures

- There are no materially significant related party transactions that may have potential conflict with the interests of Company at large
- There has been no instance of any penalty / stricture imposed on the Company by Stock Exchanges / SEBI / any statutory authorities on any matter relating to capital market, during the last three years. However, the Bombay Stock Exchange has issued a show cause notice vide their letter dated 18th November, 2010 and subsequently issued an order dated 17th May, 2011 and has suspended trading of securities for 5 days from 25th May, 2011 to 31st May, 2011 for few procedural lapses.
- During the year, inspection under Section 209A of the Companies Act, 1956 was carried out by the office of Ministry of Corporate Affairs and the company has provided the reply for the clarifications sought by MCA.
- The Company is not implementing whistle blower Policy. However no personnel have been denied access to the Audit Committee of the Company.
- The Company has implemented all mandatory requirement of Clause 49 of the listing agreement. Details of Compliance of non mandatory requirement are given below.
 - Chairman of the Board The Company has an Executive Chairman.
 - Remuneration Committee The Company has formed remuneration committee. Details of the committee are given in point No.IV of the report on Corporate Governance.

IX. Means of Communications

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

X. General Information for Shareholders:

- AGM - Date , Time & Venue** : 23rd August, 2013
4.30 PM
Ardra Hall, Kaanchan,9,
North Huzur Road,
Coimbatore -641 018.

2. Financial Calendar for the year 2012-2013

- Results for Quarter Ending June 30, 2013
- Results for Quarter Ending September 30, 2013
- Results for Quarter Ending December 31, 2013
- Results for Quarter Ending March 31, 2014

Will be published on or before:

- 14th August, 2013
- 14th November, 2013
- 14th February, 2014
- 30th May, 2014

3. Date of Book Closure

12th August, 2013 to 23rd August, 2013 (Both days inclusive)

4. Dividend payment due date

Dividend, if declared at the AGM, will be paid before
23rd September, 2013

5. Listing on Stock Exchange

Bombay Stock Exchange, P.J. Towers, Dalal Street,
Mumbai – 400 001.

Type of Security

Equity

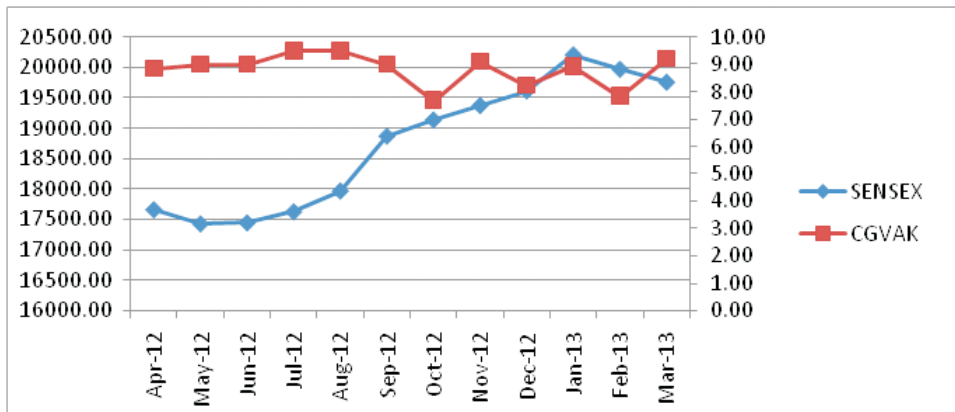
6. Stock Code & ISIN

531489, CGVAK & INE084D01010

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

8. Market Price Data
Monthly Share Price for the year 2012 - 13

Month	High	Low	Close
April 2012	8.84	6.30	8.84
May 2012	9.00	8.40	9.00
June 2012	9.00	8.14	8.52
July 2012	9.50	7.70	9.50
August 2012	9.50	8.90	8.99
September 2012	9.00	7.00	8.07
October 2012	7.67	7.67	7.67
November 2012	9.11	6.32	8.66
December 2012	8.23	7.06	8.00
January 2013	8.92	6.78	7.46
February 2013	7.83	6.70	6.70
March 2013	9.20	7.03	9.00

9. Movement of Share Price – BSE during 2012 - 2013


10. Registrar and Share Transfer Agents : S.K.D.C. Consultants Ltd.,
Kanapathy Towers, 3rd Floor
1391/A-1 Sathy Road, Ganapathy
Coimbatore 641 006
Ph: 0422-6549995
Email id: info@skdc-consultants.com

11. Share Transfer System :

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialized form. Shares in Physical mode which are lodged for transfer are processed and returned within the stipulated time, if the documents are complete in all respects. Physical shares received for dematerialization are processed and completed within the stipulated time if the documents are complete in all respects. Bad deliveries are promptly returned to Depository Participants (DP'S) under advice to share holders. The company obtains from Practicing Company Secretary, Coimbatore the following certificates:

- Pursuant to clause 47 (C) of the listing agreement with the stock exchanges, on half-yearly basis, for due compliance of share transfer formalities by the company through RTA.
- Pursuant of SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NDSL) and Central Depository Services (India) Limited (CDSL) with the total issued/Paid-up capital of the company.

12. Distribution of Shareholding as on 31st March 2013

Value (Rs.)	No. of Share Holders	%	Amount(Rs.)	%
Upto – 5,000	2,767	81.79	53,04,900	10.48
5,001 – 10,000	330	9.76	28,47,940	5.63
10,001 – 20,000	119	3.52	18,82,810	3.72
20,001 – 30,000	69	2.04	17,51,630	3.46
30,001 – 40,000	12	0.35	4,27,130	0.84
40,001 – 50,000	21	0.62	9,49,760	1.88
50,001 – 1,00,000	27	0.80	21,13,430	4.18
1,00,000 and above	38	1.12	3,53,22,400	69.81
Total	3,383	100.00	5,06,00,000	100.00

Shareholding pattern as on 31st March 2013

Category	No. of Shares Held	% of Shares held
Promoter and Promoter Group	18,76,823	37.10
Domestic Bodies Corporate	65,410	1.29
Non Resident Indians	12,823	0.25
Indian Public and Others	31,04,944	61.36
Total	50,60,000	100.00

13. Shares dematerialised as on 31.03.2013 : 89.08%
 Shares Dematerialised with : National Securities Depository Limited,
 Trade World, 4th Floor, Kamala Mills Compound,
 Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
 : Central Depository Services (India) Limited,
 P.J.Towers, 28 th Floor, Dalal Street, Mumbai – 400 001.
 Dematerialisation of shares : Commenced with effect from March 2001.

14. Address for Correspondence :

M/s. S.K.D.C. Consultants Limited,
 Kanapathy Towers, 3rd Floor
 1391/A-1 Sathy Road, Ganapathy
 Coimbatore 641 006.
 Phone : 0422 – 6549995, 2539835, 2539836
 Fax : 0422 – 2539837
 e-mail : info@skdc-consultants.com

15. Address for Communication to the Company :

CG - VAK Software And Exports Limited
 171, Mettupalayam Road,
 Coimbatore - 641043.
 Phone : 0422-2434491/92/93
 Fax : 0422 - 2440679
 e-mail : shainshad@cgvakindia.com
investorservices@cgvak.com

16. Website of the Company : www.cgvak.com
17. Plant Location : (The Company does not have Plants and the addresses given below are only offices of the Company)

India	New Jersey (WOS-USA)	California (WOS-USA)
<u>Unit I</u> CG-VAK Software & Exports Ltd., 171, Mettupalayam Road, Coimbatore – 641043. India.	CG-VAK Software USA Inc. 100, Overlook Centre, 2 nd Floor, Princeton, New Jersey – 08540.	CG-VAK Software USA Inc., 1661, Tice Valley Blvd, Suite#101, Walnut Creek, California - 94595.
<u>Unit II</u> S.F.No. 174/2, Thiruvalluvar Street, Vellakinar Pirivu Road, G.N.Mills Post, Coimbatore – 641029.		

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

Place : Coimbatore
 Date : 29th May, 2013

C.GANAPATHY
Chairman

CODE OF CONDUCT- DECLARATION UNDER CLAUSE 49 (I) (D) OF THE LISTING AGREEMENT

This is to certify that:

1. In pursuance of provisions of Clause 49 (I)(D) of the Listing Agreement with the Stock Exchange, a code of conduct for Board of Directors and Senior Management Personnel has been approved by the Board.
2. The said code of conduct has been uploaded on the Company's website and also circulated to the members of the Board and the Senior Management Personnel.
3. All Board members and Senior Management personnel have affirmed with said Code of Conduct for the period of 31st March, 2013.

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

Place : Coimbatore
 Date : 29th May, 2013

G.SURESH
Managing Director

CEO AND CFO CERTIFICATION

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

In compliances with Clause 49 (V) of the Listing Agreement with the Stock Exchanges, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2013 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 2012-2013 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the company and we have not observed any deficiencies in the design or operation of 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 have been observed.

Place : Coimbatore
Date : 29th May, 2013

G.Suresh
Managing Director & CEO

P.S.Subramanian
Chief Financial Officer

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

The Global economic environment continued to be uncertain and recorded a slow growth in the calendar year 2012 over 2011. Global technology and related products and services spend is estimated to have crossed USD 1.9 trillion in 2012 showing a growth of 4.8% over 2011 in spite of the volatile economic environment. The global sourcing market had a growth rate of 9% over 2011. This growth rate has been almost double the growth rate of global technology spend.

The Indian Software and BPO export industry faced a challenging year due to slow recovery of the global economy. North American market continues to be the major contributor to India's IT service exports and companies are increasingly making investments in technology to drive growth in their business.

It is predicted that financial year 2013-14 is likely to be much better. The IT services and Business Process Management exports from India is estimated to grow by 12-14% during the fiscal 2014 to USD 85-87 billion.

2. Operational performance

During the year under review your Company has achieved a turnover of Rs.869 lakhs as against Rs. 660 lakhs in the previous year. The net profit for the year is Rs. 102.54 lakhs as against the net Loss of Rs. (123.67) lakhs in the previous year.

The company has 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 77% and Rest of the world 23 %. The business from North America has grown from Rs. 457.5 lakhs last year to Rs.669.2 lakhs this year recording a growth of 46 %.

The business from Rest of the world was Rs.200 lakhs this year against an amount of Rs.202 .5 lakhs last year. The business remained almost the same.

Business from Offshore Software Services was Rs.854.77 lakhs during the year 2012-2013 as against Rs. 639.78 in the previous year. The increase has been 34% compared to previous year.

Business from BPO Services was Rs.14.44 lakhs during the year 2012-2013 as against Rs. 20.20 in the previous year. The business from BPO services particularly Medical transcription has been hit mainly due to the policies of the US Government forcing the medical practitioners and clinics to convert to Electronic Medical Records (EMR). This has led to many clients moving to EMR resulting in a drop in the business.

4. Opportunities, Threats, Risks and Concerns

The company is seeing traction on the Outsource Product Development (OPD) market segment from North America and on Mobility. The global economy is expected to grow well in the current year and IT service exports from India is expected to grow at 12-14% in 2013-14. The IT spend is expected to grow once the global economic recovery process gathers speed and the levels of discretionary spending increases. The sales pipeline has been growing well and this provides good opportunities for growth.

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

Our Industry is marked by high attrition rate and the prime challenge is to retain the best talent. We are trying to mitigate the risk by offering good HR practices and providing an opportunity to work in our US subsidiary. The company is exposed to the risks and benefits of foreign exchange fluctuations. 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 77% of our business from the North America.

5. Outlook for the future:

The global economy is expected to improve in 2013 and the global GDP is likely to grow at 3.3% in 2013. For the financial year 2013-14 the IT exports from India is likely to grow at the rate of 12-14%. The technology changes like Software as a Service (SaaS), Mobility and social technologies are expected to drive the technology spending globally. CG-Vak is gearing itself to capitalize on the opportunities that are thrown open due to these changes.

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

6. Internal Controls & their Adequacy

We have a good control mechanism in place at all our departments. As we are an ISO 9001:2008 Certified Company, we have a well-matured development process in place where there is an enhancement of the processes in all our departments. Every department has Performance Objectives fixed for each year and the same is reviewed every month. The Company has also a Risk Management plan in place where the potential risks are identified and a mitigation plan is also in place for each of the identified risks.

7. Human Resources

One of the top priorities for the company has been recruiting and retaining good talent. The company has made various HR initiatives to ensure that higher level of job satisfaction is attained for its engineers. Also company adopts continuous skill enhancement practice for its engineers. As of 31st March 2013, the employee strength stood at 163.

8. Caution

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

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

Place: Coimbatore
Date : 29th May, 2013

C.GANAPATHY
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
CG-VAK SOFTWARE AND EXPORTS LIMITED

We have examined the compliance of corporate governance by CG-VAK Software And Exports Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

For **S. Lakshminarayanan Associates**
Chartered Accountants
S. Lakshminarayanan
Partner

Place : Coimbatore
Date: 29th May, 2013

M.No.012024
Regn.No.006609S

**Independent Auditor's Report
To the Members of CGVAK Software And Exports Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **CGVAK Software And Exports Limited** ('the Company') which comprise the balance sheet as at 31st March 2013, the statement of profit & loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our Audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2013 ;
- (ii) in the case of the Statement of Profit & Loss of the **Profit** for the year ended on that date ; and
- (iii) in the case of Cash Flow Statement of the Cash Flows for the year ended on that date

Emphasis of Matter

We draw attention to

- (a) Note No.4.10 to the financial statements regarding Non Provision of Gratuity and
- (b) Note No.4.11 to the financial statements regarding a claim for non-payment of fixed deposits before the High Court of Madras which describe the uncertainty relating to the outcome of the lawsuits filed against the company by a former director and his relatives. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order"), as amended , issued by the Central Government of India in terms of Subsection (4A) of Section 227 of the Act , we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, we report that
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 and
 - e) On the basis of written representations received from the Directors as on 31st March 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of Subsection (1) of Section 274 of the Companies Act, 1956.

For **S. Lakshminarayanan Associates**
Chartered Accountants
S. Lakshminarayanan
Partner
M.No.012024
Regn.No.006609S

Place : Coimbatore
Date: 29th May, 2013

Annexure to the Auditors' Report:

The Annexure referred to in our report to the members of **CGVAK Software And Exports Limited** ('the Company') for the year ended 31st March 2013. We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets have been disposed off during the year.
- (ii) The Company does not hold any inventory. Clause 4 (ii) of the Companies (Audit Report) Order 2003 is not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, according to the information and explanations given to us, the internal control procedures of the company relating to purchases of fixed assets and for sale of services are commensurate with its size and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) (i) According to the information and explanations given to us, We are of the opinion that the transactions that need to be entered in the register maintained U/s.301 of the Companies Act, 1956 have been so entered.
- (ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained U/s.301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevalent market prices at relevant time
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the Provisions of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975 with regard to deposits accepted from the Public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company's internal audit system is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1) (d) in respect of services carried on by the company.
- (ix) (a) The Company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to provident fund, employees state insurance, investor education protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us and the records of the company examined by us there are no dues of income tax, wealth tax, cess and service tax, excise duty, customs duty which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit but had incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
- (xii) The Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to a chit fund/nidhi/mutual benefit fund/society are not applicable to the company.
- (xiv) The Company does not deal / trade in shares/ securities / debentures / other investments.
- (xv) The Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were raised.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised funds by public issues during the year covered by our audit report.
- (xxi) According to the information and explanations given to us and on the basis of our examination of books & records of the company in accordance with the generally accepted auditing practices, no fraud on or by the company has been noticed or reported during the year.

For S. Lakshminarayanan Associates
Chartered Accountants
S. Lakshminarayanan
Partner
M.No.012024
Regn.No.006609S

Place : Coimbatore
Date: 29th May, 2013

BALANCE SHEET AS AT 31ST MARCH 2013

Note No		31-Mar-2013 Rs	31-Mar-2012 Rs	
I EQUITY & LIABILITIES:-				
<u>Shareholders' Funds:</u>				
1	Share Capital	2.01	5,05,33,700	5,05,33,700
2	Reserves & Surplus	2.02	2,14,74,658	1,41,73,252
			7,20,08,358	6,47,06,952
<u>Non Current Liabilities:-</u>				
3	Long Term Borrowings	2.03	39,41,000	77,31,433
4	Other Long Term Liabilities		2,94,120	2,94,958
5	Long Term Provisions		18,25,352	17,74,385
			60,60,472	98,00,776
<u>Current Liabilities:-</u>				
6	Trade Payables		17,97,387	14,74,177
7	Other Current Liabilities	2.04	77,07,925	1,60,56,119
8	Short Term Provisions	2.05	50,52,217	0
			1,45,57,529	1,75,30,296
			9,26,26,359	9,20,38,024
II Assets:				
<u>Non Current Assets</u>				
1	Fixed Assets	2.06		
	i Tangible Assets		1,74,12,598	1,87,91,869
	ii Intangible Assets		50,27,755	79,06,888
			2,24,40,353	2,66,98,757
2	Non Current Investments	2.07	3,31,01,761	3,31,01,761
3	Deferred Tax Asset (net)	2.08	39,48,718	17,19,184
4	Long Term Loans & Advances	2.09	48,34,874	1,10,28,333
<u>Current Assets</u>				
5	Trade Receivables	2.10	1,80,82,328	1,54,49,660
6	Cash & Cash Equivalents	2.11	44,31,647	14,24,791
7	Short Term Loans & Advances	2.12	57,22,575	25,75,433
8	Other Current Assets		64,103	40,105
			2,83,00,653	1,94,89,989
			9,26,26,359	9,20,38,024

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Note No		31-Mar-2013 Rs	31-Mar-2012 Rs
I	Income:		
i	Revenue from Operations	8,69,20,713	6,59,98,517
ii	Other Income	28,12,497	14,16,276
		8,97,33,210	6,74,14,793
II	Expenditure:		
i	Employee Benefit Expense	5,23,79,214	5,33,80,370
ii	Operating & Other Expenses	1,87,38,171	1,93,34,427
iii	Finance Cost	21,46,697	24,19,188
iv	Depreciation & Amortization	63,45,039	62,51,505
		7,96,09,121	8,13,85,490
III	Profit/ (Loss) Before Taxes	1,01,24,089	(1,39,70,697)
IV	Tax Expense		
	Current Tax	21,00,000	0
	Deferred Tax	(22,29,534)	(16,02,768)
		(1,29,534)	(16,02,768)
V	Profit / (Loss) for the Year	1,02,53,623	(1,23,67,929)
	Earnings Per Share (par value of Rs.10 each) (Basic & Diluted)	2.03	(2.45)

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
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Company Secretary

Place : Coimbatore
Date : 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	31-Mar-2013 Rs	31-Mar-2012 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extra-Ordinary Items	1,01,24,089	(1,39,70,696)
<u>Adjustments for</u>		
Depreciation & Amortization	63,45,039	62,51,505
Finance Cost	21,46,697	24,19,188
Operating Profit/ (Loss) Before Working Capital Changes	1,86,15,825	(53,00,003)
<u>Adjustments for</u>		
Increase / (Decrease) in Trade & Other Receivables	(25,28,412)	77,21,540
Increase / (Decrease) in Trade & Other Payables	50,60,263	1,21,847
Changes in Working Capital	25,31,851	78,43,387
Cash Generated From Operations	2,11,47,676	25,43,384
Tax Expense	(21,00,000)	0
Net Cash Generated from Operating Activities	1,90,47,676	25,43,384
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(22,62,159)	(37,85,926)
Sale of Fixed Assets	1,75,524	3,21,893
	(20,86,635)	(34,64,033)
C CASH FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(88,69,107)	6,52,765
Dividend Paid (Including Dividend Distribution Tax)	(29,52,217)	0
Finance Cost	(21,46,697)	(24,19,188)
	(1,39,68,021)	(17,66,423)
Net Increase/(Decrease) in Cash & Cash Equivalents	29,93,020	(26,87,072)
Add: Opening Balance of Cash & Cash Equivalents	11,17,861	38,04,932
Closing Balance of Cash & Cash Equivalents	41,10,881	11,17,861
<u>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</u>		
Cash and Cash Equivalents as per Note No.2.11	44,31,647	14,24,790
Less Bank Balances not considered as Cash and Cash equivalents		
- Deposits held under lien	3,20,766	3,06,929
Net Cash and Cash Equivalents at the end of the year	41,10,881	11,17,861

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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Directors

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
1.00	<u>Significant Accounting Policies</u>	
a	<u>Fixed Assets:</u>	
	Fixed assets are stated at cost less accumulated depreciation. The carrying amount of assets are reviewed at each balance sheet date if there is an indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The reduction is treated as impairment loss and recognised in the statement of profit & loss account.	
b	<u>Investments:</u>	
	Investments held are all long term based on Management's intention at the time of purchase. Cost of overseas investments comprise of Indian rupee value of consideration paid for the investment translated at the exchange rate prevailing at the date of investment.	
c	<u>Current Assets:</u>	
	Trade Receivables are stated at net realisable value	
d	<u>Income recognition:</u>	
	Revenue from software development services, products are recognised when services are recognised on completion of contract or stage of completion as per applicable terms and conditions agreed with customers. Revenue from contracts priced on time are recognised when services are rendered and related costs incurred.	
e	<u>Foreign Currency Transaction:</u>	
	Foreign currency denominated monetary assets are translated at the exchange rates prevailing on the date of the balance sheet. Items of revenue and expenditure are translated at the rates prevailing on the date of the transaction. The resultant differences are recognised in the Statement of Profit & Loss account.	
f	<u>Retirement Benefits</u>	
	Company provides for gratuity for eligible employees determined by actuarial valuation.	
g	<u>Forward Contracts in foreign currencies</u>	
	The company uses forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these forward contracts reduce the risk or cost of the company and not used for speculative or trading purposes.	
2.01	<u>Share Capital:</u>	
i	<u>Authorised Capital:</u>	
	70,00,000 Equity Shares of Rs.10 each	7,00,00,000
ii	<u>Issued, Subscribed & Paid-Up Capital:</u>	
	50,60,000 Equity Shares of Rs.10 each	5,06,00,000
	Less: Calls in Arrears (Due from Directors - Nil)	66,300
		5,05,33,700
iii	<u>Reconciliation of number of Equity shares:-</u>	
	Shares outstanding as at 1st April 2012/ 1st April 2011	50,60,000
	Changes during the year	0
	Shares outstanding as at 31st March 2013/ 31st March 2012	50,60,000

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
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iv List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:-

Name of the Shareholder		Shares held	Shares held
Mr.G.Suresh	Nos	9,21,677	8,78,243
Mr.K.V.Kamaraj	Nos	5,21,674	5,21,674
Mr.C.Ganapathy	Nos	4,06,350	4,06,350
Mrs.S.Latha	Nos	3,55,686	3,55,686

v The company has issued only one class of equity shares having a par value of Rs.10/share

2.02
Reserves & Surplus:

a	i	General Reserve	1,00,00,000	1,00,00,000
	ii	Add: Transfer during the year	3,00,000	0
	iii	General Reserve - Closing Balance	1,03,00,000	1,00,00,000
	b	Surplus in Profit & Loss Account		
	i	Opening Balance b/fd	41,73,252	1,65,41,180
	ii	Add/ (Less): Profit / (Loss) for the Year	1,02,53,623	(1,23,67,928)
			1,44,26,875	41,73,252
	iii	Less: Transfer to General Reserve	3,00,000	0
	iv	Less: Proposed Dividend	25,23,370	0
	v	Less: Provision for Tax on Dividend	4,28,847	0
			32,52,217	0
	vi	Profit & Loss Account - Surplus c/fd	1,11,74,658	41,73,252
			2,14,74,658	1,41,73,252

2.03
Long Term Borrowings:-
1
Secured Loans:-

State Bank of India - Term Loan - III 11,56,531 8,89,628

- i Hypothecation of assets acquired out of bank finance and second charge on the current assets
- ii Second charge over current assets to cover term loan exposure
- iii Personal Guarantee of The Managing Director & Executive Chairman
- iv Extension of Equitable mortgage over land and building as collateral
- v Interest paid @ 14.25% p.a.
- vi Total No of Instalments - 60; repayment commencing April 2012; pending instalments - 35
- vii There is no continuing default in respect of this loan

2
Unsecured Loans:-

a Fixed Deposits 26,35,000 60,85,000

- i Fixed deposits are accepted maturity ranging between 1 and 3 years
- ii Interest paid @ 11% p.a.
- iii There are no continuing defaults in respect of fixed deposits

b	Vehicle Loans	- Banks	0	1,08,695
		- Others	1,49,469	6,48,110
			39,41,000	77,31,433

Vehicle Loans - Banks

Pending EMI Pending EMI
31-Mar-2013 31-Mar-2012

i	IndusInd Bank	11	23	0	1,08,695
				0	1,08,695

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No		31-Mar-2013 Rs	31-Mar-2012 Rs
<u>Vehicle Loans - Others</u>			
i	Kotak Mahindra Prime Ltd-II 13 25	11,390	1,39,862
ii	Kotak Mahindra Prime Ltd-III 16 28	1,38,079	5,08,248
		1,49,469	6,48,110
iii	Interest rates range between 5.74 % to 9.58 % on the above vehicle loans		
iv	Current maturity of long term debt reported under current liabilities		
2.04	<u>Other Current Liabilities</u>		
a	<u>Secured Current Maturities of Long term Debt</u>		
i	State Bank of India - Term Loan - III	6,00,000	6,00,000
	Hypothecation of assets acquired out of bank finance and second charge on the current assets Personal Guarantee of The Managing Director & Chairman		
ii	State Bank of India Cash Credit Sanctioned Limit of Rs.1 Crore	0	76,60,144
	Hypothecation of Receivables due within 60 days, machinery, electrical fittings; Equitable Mortgage over land & building; Personal Guarantee of The Managing Director & Chairman		
b	<u>Unsecured Current Maturities of Long Term Debt:</u>		
i	Fixed Deposits	15,90,320	17,07,200
ii	Vehicle Loans	6,07,669	8,13,546
c	i Interest Accrued But not due on Fixed Deposits	1,09,316	5,70,124
d	<u>Other payables</u>		
i	Advance received from Customers	11,880	15,574
ii	Others	47,88,740	46,89,531
		77,07,925	1,60,56,119
2.05	<u>Short Term Provisions</u>		
i	Provision for Income Tax	21,00,000	0
ii	Proposed Dividend	25,23,370	0
iii	Provision for Tax on Dividend	4,28,847	0
		50,52,217	0
2.06	<u>Fixed Assets Schedule</u>		

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 12	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 13	upto 01- Apr- 12	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 13	WDV 31- Mar- 13	WDV 31- Mar- 12
Tangible Fixed Assets										
Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	45,18,689	1,41,489	0	46,60,178	11,01,062	1,07,260	0	12,08,322	34,51,856	34,17,627
Plant & Machinery	3,83,66,147	7,72,350	86,88,572	3,04,49,925	3,51,01,560	13,08,068	86,88,572	2,77,21,056	27,28,869	32,64,587
Electrical Fittings	48,03,711	6,78,535	0	54,82,246	33,97,535	4,94,083	0	38,91,618	15,90,628	14,06,176
Vehicles - Freehold	18,53,474	32,085	3,26,954	15,58,605	14,00,635	72,787	1,51,430	13,21,992	2,36,613	4,52,839
Vehicles - Leasehold	44,47,226	0	0	44,47,226	12,39,345	4,22,762	0	16,62,107	27,85,119	32,07,881
Furniture & Fittings	72,32,092	5,37,115	0	77,69,207	65,64,333	9,60,361	0	75,24,694	2,44,513	6,67,759
Sub Total - Tangible Assets	6,75,96,339	21,61,574	90,15,526	6,07,42,387	4,88,04,470	33,65,321	88,40,002	4,33,29,789	1,74,12,598	1,87,91,869
Previous YE 31-Mar-2012	6,59,53,672	22,37,089	5,94,422	6,75,96,339	4,62,52,255	28,24,744	2,72,529	4,88,04,470	1,87,91,869	1,97,01,417
Intangible Fixed Assets										
Software	3,53,10,706	1,00,585	0	3,54,11,291	2,74,03,818	29,79,718	0	3,03,83,536	50,27,755	79,06,888
Sub Total - Intangible Assets	3,53,10,706	1,00,585	0	3,54,11,291	2,74,03,818	29,79,718	0	3,03,83,536	50,27,755	79,06,888
Previous YE 31-Mar-2012	3,37,61,869	15,48,837	0	3,53,10,706	2,39,77,057	34,26,761	0	2,74,03,818	79,06,888	97,84,812
Grand Total	10,29,07,045	22,62,159	90,15,526	9,61,53,678	7,62,08,288	63,45,039	88,40,002	7,37,13,325	2,24,40,353	2,66,98,757
Previous YE 31-Mar-2012	9,97,15,541	37,85,926	5,94,422	10,29,07,045	7,02,29,312	62,51,505	2,72,529	7,62,08,288	2,66,98,757	2,94,86,229

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
2.07	<u>Non-Current Investments: (Valued At Cost) - Other Investments</u>	
a	<u>Investment in Equity Instruments:- (Fully paid - quoted)</u>	
i	100 Equity Shares of Rs.10 each	
	- Union Bank of India	1,600
		1,600
b	<u>Investment in Equity Instruments:- (Fully paid - Unquoted)</u>	
i	750 Equity Shares of US\$ 1,000 each	
	- CGVAK Software USA Inc	3,31,00,161
	CGVAK Software USA Inc is a wholly owned subsidiary	
	3,31,01,761	3,31,01,761
	<u>Quoted</u>	<u>Quoted</u>
	Aggregate Cost of Quoted Investments	1,600
	Face Value of Quoted Investments	1,000
	Aggregate Market Value of Quoted Investments	21,805
	<u>Unquoted</u>	<u>Unquoted</u>
	Aggregate Cost of Unquoted Investments	3,31,00,161
	Face Value of Unquoted Investments	3,31,00,161
	<u>Deferred Tax Asset:-</u>	
	Opening Balance	17,19,184
	Add/(Less): Provision for the Year	22,29,534
	39,48,718	17,19,184
2.08	<u>Deferred Tax Assets (net)</u>	
i	Fixed Assets	3,97,194
ii	Employee Benefits	(5,11,412)
iii	Trade Receivable	6,54,930
		28,96,594
	39,48,718	17,19,184
2.09	<u>Long Term Loans & Advances:-</u>	
i	Loan to Subsidiary	32,04,994
ii	Advance to Subsidiary	64,65,621
iii	Other Long term Advances	0
iv	Deposits	29,58,357
		12,26,000
		4,03,880
	48,34,874	1,10,28,333
2.10	<u>Trade Receivables - Unsecured -Considered Good</u>	
i	Outstanding for a period less than 6 months	1,62,17,734
ii	Other debts	18,64,594
iii	<u>Doubtful Debts</u>	93,74,092
	Less: Provision for Doubtful Debts	
	- Upto last year	53,76,874
	- For the year	39,97,218
	(93,74,092)	(53,76,874)
	1,80,82,328	1,54,49,659
iv	<u>Provision for Doubtful Debts</u>	
	The Company evaluates all customer dues for collectability. The need for provisions is assessed based on various factors including collectability, present market indicators pertaining to the relevant country which could affect the ability to settle. Provisions are made for debtor dues exceeding one year or longer from the date of invoice as at the date of the balance sheet. The company pursues all recovery of dues irrespective of provisions made.	

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
2.11	<u>Cash & Cash Equivalents:-</u>	
i	47,362	1,96,833
ii	12,79,945	6,79,063
iii	5,81,260	5,48,894
iv	25,23,080	0
	44,31,647	14,24,790
	Details of Balances with banks as on the date of the balance sheet are as follows:-	
	<u>Current Accounts</u>	
i	9,053	7,170
ii	16,781	12,496
iii	53,336	53,591
iv	38,650	8,762
v	0	26,729
vi	24,684	8,506
vii	11,37,441	5,61,809
	12,79,945	6,79,063
	<u>Deposit Accounts</u>	
i	2,80,766	2,66,929
ii	3,00,494	2,81,965
	5,81,260	5,48,894
	<u>Balance with Cash Credit Account</u>	
i	25,23,080	0
	(Sanctioned Limit of Rs.1 Crore)	
	<u>Deposit Accounts</u>	
i	3,20,766	3,06,929
ii	260494	2,41,965
	5,81,260	5,48,894
	<u>Deposit Accounts maturity beyond 1 year</u>	
i	3,78,578	5,48,894
ii	2,02,682	0
	5,81,260	5,48,894
2.12	<u>Short Term Loans & Advances:</u>	
i	19,39,998	0
ii	13,30,890	3,24,117
iii	21,06,000	17,49,600
iv	1,88,200	2,32,015
v	157487	2,69,701
	57,22,575	25,75,433
3.01	<u>Revenue From Operations</u>	
i	8,54,77,282	6,39,78,373
ii	14,43,431	20,20,144
	8,69,20,713	6,59,98,517
3.02	<u>Other Income:</u>	
i	11,81,735	12,20,569
ii	15,67,139	0
iii	800	800
iv	4,223	0
v	58,600	1,94,907
	28,12,497	14,16,276

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
3.03	<u>Employee Benefit Expense</u>	
i	4,59,91,472	4,75,32,311
ii	16,27,753	7,74,324
iii	15,89,952	16,26,708
iv	21,62,458	23,82,616
v	2,77,632	1,38,820
vi	7,29,947	9,25,591
	5,23,79,214	5,33,80,370
3.04	<u>Operating & Other Expense</u>	
i	23,82,556	21,12,838
ii	23,99,089	19,86,746
iii	10,38,472	11,01,216
iv	33,00,000	33,00,000
v	17,05,066	18,37,949
vi	4,02,549	2,55,417
vii	2,89,069	1,80,306
viii	4,49,894	4,42,941
ix	5,73,616	4,54,178
x	39,97,218	283,1540
xi	1,25,000	1,10,300
xii	29,780	38,936
xiii	1,28,661	1,26,294
xiv	5,54,004	7,16,532
xv	0	28,33,073
xvi	55,000	0
xvii	13,08,197	10,05,161
	1,87,38,171	1,93,34,427
3.05	<u>Finance Cost</u>	
i	8,37,042	13,38,314
ii	2,57,194	1,20,536
iii	8,87,760	7,28,590
iv	1,64,701	2,31,748
	21,46,697	24,19,188
4.01	Depreciation has been provided on straight line method as per the rates specified under Schedule XIV of the companies act, 1956. Pro rata depreciation has been charged on additions during the year	
4.02	Quantitative details are not furnished as the company is engaged in the development of computer software, providing services in IT and ITES.	
4.03	<u>a Earnings in foreign currency</u>	
i	8,69,20,713	6,59,85,555
ii	11,21,733	11,78,839
	8,80,42,446	6,71,64,394
b	<u>Expenditure in foreign currency</u>	
i	0	1,80,028
ii	1,65,272	5,54,321
iii	3,20,288	1,89,350
	4,85,560	9,23,699

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
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4.04 Income tax assessments have been completed upto Asst Year 2010-2011

4.05 Basic and Diluted Earnings Per share of Rs.10 each

Total Equity Shares outstanding at the end of the year (in Nos)	50,46,740	50,46,740
Net Profit / (Loss) After Tax	1,02,53,623	(1,23,67,929)
Earnings per Share - Basic & Diluted	2.03	(2.45)

4.06 Segmental Analysis for the Year Ended 31st March 2013 - Geographical Segment

Rs. in Lakhs			
Sl.No.	Particulars	31-Mar-2013 (Audited)	31- Mar-2012 (Audited)
a	Segment Revenue		
	i North America	669.15	457.47
	ii Rest of the World	200.06	202.51
	iii Less: Inter Segment Revenue	0.00	0.00
	<u>Net Sales / Income from Operations</u>	<u>869.21</u>	<u>659.98</u>
b	Segment Result (Profit before Tax & Interest from each segment)		
	i North America	72.69	(92.33)
	ii Rest of the World	21.89	(37.34)
	<u>Total</u>	<u>94.58</u>	<u>(129.67)</u>
	iii Less: Interest	21.47	24.19
	iv Less: Other un-allocable expenditure	0.00	0.00
	v Add: Other un-allocable income	28.13	14.16
	<u>Profit before Tax & Extraordinary Items</u>	<u>101.24</u>	<u>(139.70)</u>
c	Capital Employed		
	i North America	554.46	447.84
	ii Rest of the World	165.62	199.23
	<u>Total</u>	<u>720.08</u>	<u>647.07</u>

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

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

<ol style="list-style-type: none"> 1. Wholly Owned Subsidiary 2. Other enterprises 3. Key managerial personnel 4. Relatives of key managerial personnel 	<p>CG-VAK Software USA Inc. Sindhu&Gowtham Securities & Investments (P) Ltd Mr.G. Suresh, Managing Director Mr. C. Ganapathy, Executive Chairman Mrs.G Saraswathy Mrs.S Latha Ms. S Sruthi Mr. S Gowtham</p>
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- (b) During the year, the following transactions were carried out with related parties in the normal course of business: Rs.

	Subsidiary	KMP	Relatives of KMP
i Interest Receipts	11,21,733	----	----
ii Salary		33,00,000	----
iii Rent	----	----	17,56,920
iv Interest paid on fixed deposits	----	----	6,66,795

Rs.

	31-Mar-13	31-Mar-12
Amount due to Related Parties	38,30,716	74,22,360

(d) Amount due from related parties		
i Wholly owned Subsidiary - Loan	53,10,994	82,15,221
ii Wholly owned Subsidiary - Advance	19,39,998	29,58,357

4.08 Disclosure under Accounting Standard 15 on Employee Benefits

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

The amounts recognized in the balance sheet are as follows

Present value of funded obligations	18,20,803	15,98,542
Fair value of plan assets	Nil	Nil
Net surplus in the Balance sheet (Grouped under Prepaid expenses)	Nil	Nil

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

Current service cost	3,97,948	2,33,320
Interest on obligation	1,18,991	1,33,597
Expected return on plan assets	Nil	Nil
Net actuarial losses(gains) recognized in year	68,013	4,03,940
Total included in Labour cost	2,26,665	67,501

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

Opening defined benefit obligation	15,98,542	17,03,065
Prior period adjustment	Nil	Nil
Service cost	3,97,948	2,33,320
Interest cost	1,18,991	1,33,597
Actuarial gains (Losses)	(68,013)	(4,03,940)
Benefits paid	(2,26,665)	(67,501)
Closing defined benefit obligation	18,20,803	15,98,542

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

Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Contribution by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing fair value of plan assets	Nil	Nil

Balance sheet Reconciliation

Opening Net Liability	15,98,542	17,03,065
Expenses Recongised in Profit and Loss Account	2,77,632	1,38,820
Contribution made	Nil	Nil
Closing unfunded status (Surplus-Grouped under prepaid expenses)	Nil	Nil

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

Discount rate current	8%	8%
Expected return per annum on plan assets	—	—
Salary Escalation per annum	6%	6%
Retirement Age	58 years	58 years
Mortality	IALM (2006-08)ULT LIC 1994-96 rates	
Attrition rate	10%	10%

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

- 4.09** A Claim for gratuity amounting to Rs.2,88,461 preferred by a former Managing Director of the company filed before the Asst Commissioner of Labour. This petition was dismissed in favour of the company vide order dated 7th November 2012
- 4.10** A claim for gratuity amounting to Rs.8,82,000 preferred by a former director for the company filed before the Asst Commissioner of Labour. The company has disputed the claim and the claim is pending
- 4.11** On the issue of 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.
- 4.12** There are no amounts due to Small and Medium Enterprises due for more than 30 days as identified by the company.
- 4.13** Previous year figures have been regrouped/reclassified wherever found necessary
- 4.14** Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21. The subsidiary considered in the consolidated financial statement is the wholly owned subsidiary CGVAK Software USA Inc.

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

**Independent Auditor's Report
To the Board of Directors of CGVAK Software And Exports Limited
Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of **CGVAK Software And Exports Limited** ("the Company") and its wholly owned subsidiary **CGVAK Software USA Inc** (collectively referred to as "the Group") which comprise the Consolidated balance sheet as at 31st March 2013, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
4. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2013 ;
 - (ii) in the case of the Consolidated Statement of Profit & Loss of the **Profit** of the Group for the year ended on that date ; and
 - (iii) in the case of Consolidated Cash Flow Statement of the Cash Flows of the Group for the year ended on that date

Emphasis of Matter

6. (a) We did not audit the financial statements of the wholly owned subsidiary **CGVAK Software USA Inc .** We have relied on the unaudited financial statements of the said Subsidiary whose financial statements reflect total assets of Rs.946.62 lacs as at 31st March 2013, total revenues of Rs.1436.79 lacs for the year ended 31st March 2013 and Group's share of aggregate profit of Rs.23.45 lacs. 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.
- (b) We draw attention to
 - (i) Note No.4.07 to Consolidated financial statements regarding Non Provision of Gratuity and
 - (ii) Note No.4.08 to Consolidated financial statements regarding a claim for non-payment of fixed deposits before the High Court of Madras which describe the uncertainty relating to the outcome of the lawsuits filed against the company by a former director and his relatives.

Our opinion is not qualified in respect of the above matters.

For **S.Lakshminarayanan Associates**
Chartered Accountants
S.Lakshminarayanan
M.No.012024
Firm Regn No.006609S
Partner

Place : Coimbatore
Dated: 29th May, 2013

BALANCE SHEET AS AT 31ST MARCH 2013 (CONSOLIDATED)

Note No		31-Mar-2013 Rs	31-Mar-2012 Rs
I	<u>Equity & Liabilities</u>		
	Shareholders' Funds:		
1	Share Capital	5,05,33,700	5,05,33,700
2	Reserves & Surplus	5,81,89,140	4,17,53,062
		10,87,22,840	9,22,86,762
	Non-Current Liabilities:		
3	Long Term Borrowings	39,41,000	77,31,433
4	Other Long Term Liabilities	2,94,119	2,94,958
5	Long Term Provisions	18,25,352	17,74,385
		60,60,471	98,00,776
	Current Liabilities:		
6	Trade Payables	85,20,388	24,59,598
7	Other Current Liabilities	1,74,88,611	3,01,18,858
8	Short Term Provisions	61,45,339	3,37,520
		3,21,54,338	3,29,15,976
		14,69,37,649	13,50,03,514
II	<u>Assets:</u>		
	Non-Current Assets:		
1	Fixed Assets		
	i Tangible Assets	1,74,12,598	1,87,91,869
	ii Intangible Assets	50,27,755	92,48,027
		2,24,40,353	2,80,39,896
2	Non-Current Investments	1,600	1,600
3	Deferred Tax Asset (net)	39,48,718	17,19,184
4	Long Term Advances	19,61,710	72,37,095
	Current Assets:		
5	Trade Receivables	8,60,65,604	8,21,71,772
6	Cash & Cash Equivalents	1,64,81,303	64,33,737
7	Short Term Loans & Advances	1,59,74,258	93,60,125
8	Other Current Assets	64,103	40,105
	Total Current Assets	11,85,85,268	9,80,05,739
		14,69,37,649	13,50,03,514

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013
(CONSOLIDATED)**

		31-Mar-2013 Rs	31-Mar-2012 Rs
I	Income:		
i	Revenue from Operations	23,05,27,224	19,55,41,276
ii	Other Income	17,63,399	6,09,683
	Total Revenue	23,22,90,623	19,61,50,959
II	Expenditure:		
i	Employee Benefit Expenses	17,23,69,831	16,11,88,082
ii	Operating & Other Expenses	3,66,21,981	3,64,57,201
iii	Finance Cost	20,83,912	24,19,188
iv	Depreciation & Amortization	77,38,340	76,14,323
		21,88,14,064	20,76,78,794
III	Net Profit/(Loss) for the Year Before Taxes	1,34,76,559	(1,15,27,835)
IV	Tax Expense		
	Current Tax	31,07,737	5,10,906
	Deferred Tax	(22,29,534)	(16,02,768)
		8,78,203	(10,91,862)
V	Profit After Taxes	1,25,98,356	(1,04,35,973)
	Earnings Per Share	2.50	(2.07)

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (CONSOLIDATED)

	31-Mar-2013 Rs	31-Mar-2012 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extra-Ordinary Items	1,34,76,559	(1,15,27,835)
Depreciation & Amortization	77,38,340	76,14,323
Finance Cost	20,83,912	24,19,188
Operating Profit/ (Loss) Before Working Capital Changes	2,32,98,811	(14,94,324)
<u>Adjustments for</u>		
Increase / (Decrease) in Trade & Other Receivables	(52,70,414)	(62,94,037)
Increase / (Decrease) in Trade & Other Payables	72,71,392	30,71,481
Changes in Working Capital	20,00,977	(32,22,556)
Cash Generated From Operations	2,52,99,788	(47,16,880)
Tax Expense	(31,07,737)	(5,10,906)
Cash Flow Before Extra Ordinary Items	2,21,92,051	(52,27,786)
Extra ordinary Items	67,89,938	45,75,426
	2,89,81,989	(6,52,360)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(23,14,321)	(39,20,489)
Sale of Fixed Assets	1,75,524	3,21,893
NET CASH USED IN INVESTMENT ACTIVITIES	(21,38,797)	(35,98,596)
C CASH FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(1,17,73,334)	9,15,265
Dividend Paid (including dividend distribution tax)	(29,52,217)	0
Finance Cost	(20,83,912)	(24,19,188)
NET CASH USED IN FINANCING ACTIVITIES	(1,68,09,463)	(15,03,923)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,00,33,729	(57,54,879)
Add: Opening Balance of Cash & Cash Equivalents	61,26,808	1,18,81,687
Closing Balance of Cash & Cash Equivalents	1,61,60,537	61,26,808
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per Note No.2.11	1,64,81,303	64,33,737
Less Bank Balances not considered as Cash and Cash equivalents		
- Deposits held under lien	3,20,766	3,06,929
Net Cash and Cash Equivalents at the end of the year	1,61,60,537	61,26,808

As per Report of even date

For S Lakshminarayanan Associates

Chartered Accountant

S Lakshminarayanan

Partner (M.No.012024)

Firm Regn No.006609S

G.Suresh

Managing Director

M.Durairaj

S.Mohan

A.Sankar

S.Muthukumar

Directors

C.Ganapathy

Executive Chairman

Shainshad Aduvanni

Company Secretary

Place : Coimbatore

Date : 29th May, 2013

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2013 Rs	31-Mar-2012 Rs																				
1.00 Principles of Consolidation																						
The consolidation statements relate to CGVAK Software and Exports Limited and its wholly owned Subsidiary CGVAK Software USA Inc. The consolidated financial statements have been prepared on the following basis																						
a	The financial statements of the company and its wholly owned subsidiary are combined on a line by line basis by adding together book value of like items like assets, liabilities, income and expenses, after fully eliminating inter group balances and inter group transactions in accordance with the Accounting Standard AS 21 on Consolidated Financial Statements																					
b	As far as possible, consolidated financial statements are prepared using uniform accounting policies for like transactions and are presented in the same manner as the company's separate financial statements.																					
c	Other significant accounting policies They are set out under "Significant accounting policies" as given in the Company's separate financial statements.																					
2.01 Share Capital:																						
i	Authorised Capital: 70,00,000 Equity Shares of Rs.10 each																					
	7,00,00,000	7,00,00,000																				
ii	Issued, Subscribed & Paid-Up Capital: 50,60,000 Equity Shares of Rs.10 each																					
	5,06,00,000	5,06,00,000																				
	Less: Calls in Arrears (Due from Directors - Nil)																					
	66300	66,300																				
	5,05,33,700	5,05,33,700																				
iii	Reconciliation of number of Equity shares:- Shares outstanding as at 1st April 2011/ 1st April 2010																					
	50,60,000	50,60,000																				
	Changes during the year																					
	0	0																				
	Shares outstanding as at 31st March 2012/ 31st March 2011																					
	50,60,000	50,60,000																				
iv	List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:-																					
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of the Shareholder</th> <th style="text-align: center;">Nos</th> <th style="text-align: center;">Shares held</th> <th style="text-align: center;">Shares held</th> </tr> </thead> <tbody> <tr> <td>Mr.G.Suresh</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">9,21,677</td> <td style="text-align: right;">8,78,243</td> </tr> <tr> <td>Mr.K.V.Kamaraj</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">5,21,674</td> <td style="text-align: right;">5,21,674</td> </tr> <tr> <td>Mr.C.Ganapathy</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">4,06,350</td> <td style="text-align: right;">4,06,350</td> </tr> <tr> <td>Mrs.S.Latha</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">3,55,686</td> <td style="text-align: right;">3,55,686</td> </tr> </tbody> </table>		Name of the Shareholder	Nos	Shares held	Shares held	Mr.G.Suresh	Nos	9,21,677	8,78,243	Mr.K.V.Kamaraj	Nos	5,21,674	5,21,674	Mr.C.Ganapathy	Nos	4,06,350	4,06,350	Mrs.S.Latha	Nos	3,55,686	3,55,686
Name of the Shareholder	Nos	Shares held	Shares held																			
Mr.G.Suresh	Nos	9,21,677	8,78,243																			
Mr.K.V.Kamaraj	Nos	5,21,674	5,21,674																			
Mr.C.Ganapathy	Nos	4,06,350	4,06,350																			
Mrs.S.Latha	Nos	3,55,686	3,55,686																			
v	The company has issued only one class of equity shares having a par value of Rs.10/share																					
2.02 Reserves & Surplus:																						
	1,00,00,000	1,00,00,000																				
General Reserve - opening balance																						
Add: Transfer During the year	3,00,000																					
General Reserve - Closing Balance	1,03,00,000	1,00,00,000																				
Reserve on Consolidation	1,58,11,879	90,21,940																				
Profit & Loss Account - Surplus - Opening Balance	2,27,31,122	3,31,67,095																				
Profit / (Loss) for the Year	1,25,98,356	(1,04,35,973)																				
	3,53,29,478	2,27,31,122																				
Less: Transfer to General Reserve	3,00,000	0																				
Less: Proposed Dividend	25,23,370	0																				
Less: Provision for Tax on Dividend	4,28,847	0																				
	32,52,217	0																				
Profit & loss Account - Surplus - Carried Forward	3,20,77,261	2,27,31,122																				
	5,81,89,140	4,17,53,062																				

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
2.03 Long Term Borrowings:-		
1 Secured Loans:-		
State Bank of India - Term Loan - III	11,56,531	8,89,628
i Hypothecation of assets acquired out of bank finance and second charge on the current assets		
ii Second charge over current assets to cover term loan exposure		
iii Personal Guarantee of The Managing Director & Executive Chairman		
iv Extension of Equitable mortgage over land and building as collateral		
v Interest paid @ 14.25% p.a.		
vi Total No of Instalments - 60; repayment commencing April 2012; pending instalments - 35		
vii There is no continuing default in respect of this loan		
2 Unsecured Loans:-		
Fixed Deposits	26,35,000	60,85,000
i Fixed deposits are accepted maturity ranging between 1 and 3 years		
ii Interest paid @ 11% p.a.		
iii There are no continuing defaults in respect of fixed deposits		
3 i Vehicle Loans - Banks	0	1,08,695
ii Vehicle Loans - Others	1,49,469	6,48,110
	39,41,000	77,31,433
Vehicle Loans - Banks Pending EMI Pending EMI		
31-Mar-2013 31-Mar-2012		
i IndusInd Bank 11 23	0	1,08,695
Vehicle Loans - Others		
i Kotak Mahindra Prime Ltd 13 25	11,390	1,39,862
ii Kotak Mahindra Prime Ltd 16 28	1,38,079	5,08,248
	1,49,469	64,8,110
iii Interest rates range between 5.74 % to 9.58 % on the above vehicle loans		
iv Current maturity of long term debt reported under current liabilities		
2.04 Other Current Liabilities		
a Secured Current Maturities of Long term Debt		
i State Bank of India - Term Loan - III	6,00,000	6,00,000
Hypothecation of assets acquired out of bank finance and second charge on the current assets		
Personal Guarantee of The Managing Director & Chairman		
ii State Bank of India Cash Credit	0	76,60,144
Sanctioned Limit of Rs.1 Crore		
Hypothecation of Receivables due within 60 days, machinery, electrical fittings;		
Equitable Mortgage over land & building; Personal Guarantee of The Managing Director & Chairman		
b Unsecured Current Maturities of Long Term Debt:		
i Fixed Deposits	15,90,320	17,07,200
ii Vehicle Loans	6,07,669	8,13,546
iii Interest Accrued But not due on Fixed Deposits	1,09,316	5,70,124
c Other payables		
i Advance received from Customers	11,880	15,574
ii Creditors for purchase of assets	0	2,73,807
iii Other Current Liabilities	1,45,69,426	1,84,78,463
	1,74,88,611	3,01,18,858

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
2.05 Short Term Provisions		
i Provision for Income Tax	21,00,000	3,37,520
ii Proposed Dividend	25,23,370	0
iii Provision for Tax on Dividend	4,28,847	0
	50,52,217	3,37,520

2.06 Fixed Assets Schedule

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 12	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 13	upto 01- Apr- 12	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 13	WDV 31- Mar- 13	WDV 31- Mar- 12
Tangible Assets										
Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	45,18,690	1,41,489	0	46,60,179	11,01,062	1,07,260	0	12,08,322	34,51,857	34,17,628
Plant & Machinery	4,31,20,660	8,24,512	86,88,572	3,52,56,600	3,98,56,073	13,60,230	86,88,572	3,25,27,731	27,28,869	32,64,587
Electrical Fittings	48,03,711	6,78,535	0	54,82,246	33,97,535	4,94,083	0	38,91,618	15,90,628	14,06,176
Vehicles - Freehold	31,84,699	32,085	3,26,954	28,89,830	27,31,861	72,787	1,51,430	26,53,218	2,36,612	4,52,838
Vehicles - Leasehold	44,47,226	0	0	44,47,226	12,39,345	4,22,762	0	16,62,107	27,85,119	32,07,881
Furniture & Fittings	76,02,071	5,37,115	0	81,39,186	69,34,312	9,60,361	0	78,94,673	2,44,513	6,67,759
Sub-Total Tangible Assets	7,40,52,057	22,13,736	90,15,526	6,72,50,267	5,52,60,188	34,17,483	88,40,002	4,98,37,669	1,74,12,598	1,87,91,869
PYE 31/03/2012	7,22,74,827	23,71,652	5,94,422	7,40,52,057	5,25,73,410	29,59,307	2,72,529	5,52,60,188	1,87,91,869	1,97,01,417
Intangible assets										
Software	4,54,24,812	1,00,585	0	4,55,25,397	3,61,76,785	43,20,857	0	4,04,97,642	50,27,755	92,48,027
Sub Total - Intangible Assets	4,54,24,812	1,00,585	0	4,55,25,397	3,61,76,785	43,20,857	0	4,04,97,642	50,27,755	92,48,027
PYE 31/03/2012	4,38,75,975	15,48,837	0	4,54,24,812	3,15,21,769	46,55,016	0	3,61,76,785	92,48,027	1,23,54,206
Grand Total	11,94,76,869	23,14,321	90,15,526	11,27,75,664	9,14,36,973	77,38,340	88,40,002	9,03,35,311	2,24,40,353	280,39,896
Previous YE 31-Mar-2012	11,61,50,802	39,20,488	5,94,422	11,94,76,868	8,40,95,179	76,14,323	2,72,529	9,14,36,973	2,80,39,895	3,20,55,623

2.07 Non-Current Investments: (Valued At Cost) - Other Investments

Investment in Equity Instruments:- (Fully paid - quoted)

i 100 Equity Shares of Rs.10 each		
- Union Bank of India	1,600	1,600
Aggregate Cost of Quoted Investments	1,600	1,600
Face Value of Quoted Investments	1,000	1,000
Aggregate Market Value of Quoted Investments	23,485	34,745

2.08 Deferred Tax Assets (net)

i Fixed Assets	3,97,194	(5,11,412)
ii Employee Benefits	6,54,930	5,69,142
iii Trade Receivable	28,96,594	16,61,454
	39,48,718	17,19,184

2.09 Long Term Loans & Advances:-

i Other Long term Advances	12,26,000	66,12,068
ii Deposits	7,35,710	6,25,027
	19,61,710	72,37,095

2.10 Trade Receivables - Unsecured - considered good

i Outstanding for a period less than 6 months from	6,05,13,448	5,82,86,683
ii Other Debts	2,55,52,155	2,38,85,089
iii Doubtful Debts	93,74,092	53,76,874
Less: Provision for Doubtful Debts		
- Upto last year	(53,76,874)	(25,45,334)
- For the year	(39,97,217)	(28,31,540)
	8,60,65,604	8,21,71,772

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2013 Rs	31-Mar-2012 Rs
2.11 Cash & Cash Equivalents		
i Cash in hand	6,54,078	7,42,878
ii Balance with Bank in current Account	1,27,22,885	51,41,965
iii Balance with Bank in Deposit Account	5,81,260	5,48,894
iv Balance with Cash Credit Account	25,23,080	0
	1,64,81,303	64,33,737
Details of Balances with banks as on the date of the balance sheet are as follows:-		
Current Accounts		
i Indian Overseas Bank	9,053	7,170
ii State Bank of India Current A/c	16,781	12,496
iii State bank of India EEFC (USD)	53,336	53,591
iv Union Bank of India Current A/c	38,650	8,762
v Union Bank of India (USD)	0	26,730
vi Bank of America, New Jersey (USD)	24,684	8,506
viii Bank of America, California (USD)	11,37,441	5,61,809
ix Bank of America	1,14,42,940	44,62,901
	1,27,22,885	51,41,965
Deposit Accounts		
i Indian Overseas Bank	2,80,766	26,6,929
ii State Bank of India	3,00,494	2,81,965
	5,81,260	5,48,894
Deposit Accounts		
i Deposits held under lien	3,20,766	3,06,929
ii Clear Deposits	2,60,494	2,41,965
	5,81,260	5,48,894
Deposit Accounts maturity beyond 1 year		
i Deposits maturing within 1 year	3,78,578	5,48,894
ii Deposits maturing beyond 1 year	2,02,682	0
	5,81,260	5,48,894
2.12 Short Term Loans & Advances		
i Advances - Unsecured - Considered Good	30,26,613	3,24,117
ii Staff Advances	1,09,93,416	87,66,307
iii Prepaid Expenses	19,54,229	2,69,701
	1,59,74,258	93,60,125
3.01 Revenue from Operations		
i Software Services	22,90,83,793	19,35,21,132
ii Business Process Outsourcing Services	14,43,431	20,20,144
	23,05,27,224	19,55,41,276
3.02 Other Income:		
i Interest Receipts	60,002	41,730
ii Foreign Exchange Income	15,67,139	0
iii Dividend Receipts	800	800
iv Profit on Sale of Assets	4,223	0
v Sundry Receipts	1,31,235	5,67,153
	17,63,399	6,09,683

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No	31-Mar-2013 Rs	31-Mar-2012 Rs
3.03 Employee Benefit Expense:		
i Salary & Incentive	14,47,78,861	14,37,66,653
ii Professional Charges	61,92,627	41,05,989
iii Staff Welfare	1,01,38,227	76,59,282
iv Contribution to PF & ESI	21,62,458	23,82,616
v Gratuity	2,77,632	1,38,820
vi HRD Expenses	88,20,026	31,34,722
	17,23,69,831	16,11,88,082
3.04 Operating & Other Expense:		
i Rent	45,57,564	39,74,407
ii Power & Fuel	23,99,089	19,86,746
iii Marketing Expenses	14,86,100	16,54,161
iv Communication Expenses	22,58,667	22,27,554
v Director Remuneration	33,00,000	33,00,000
vi Travelling Expenses	36,98,954	43,13,521
vii Taxes & Licences	84,01,756	79,55,489
viii Repairs & Maintenance	16,10,463	10,93,808
ix Building Maintenance	2,89,069	1,80,306
x Vehicle Maintenance	8,50,135	8,70,219
xi Foreign Exchange Loss	0	28,12,974
xii Provision for Doubtful Debts	39,97,218	28,31,540
xiii Auditors Remuneration	4,84,100	4,13,720
xiv Other Fees to Auditors	29,780	38,936
xv Share Demat Expenses	1,28,661	1,26,294
xvi Bank Charges	6,11,015	7,62,385
xvii Donation	55,000	0
xviii Other Administrative Expenses	24,64,410	19,15,141
	3,66,21,981	3,64,57,201
3.05 Finance Cost:		
i Interest paid to Bank - Cash Credit	8,37,042	13,38,314
ii Interest paid to Bank - Others	1,94,409	1,20,536
iii Interest paid on Fixed Deposits	8,87,760	7,28,590
iv Interest paid on Vehicle Loans	1,64,701	2,31,748
	20,83,912	24,19,188
4.01 a Depreciation has been provided on straight line method as per the rates specified under Schedule XIV of the Companies Act, 1956. Pro rata depreciation has been charged on additions during the year		
b Depreciation on the fixed assets held by the Subsidiary are computed on straight line method over the estimated useful life of the respective assets		
4.02 Quantitative details are not furnished as the company is engaged in the development of computer software, providing services in IT and ITES.		
4.03 Basic and Diluted Earnings Per share of Rs.10 each		
Total Equity Shares outstanding at the end of the year (in Nos)	50,46,740	50,46,740
Net Profit / (Loss) After Tax	1,25,98,356	(1,04,35,973)
Earnings per Share - Basic & Diluted	2.50	(2.07)

4.04 Segment Analysis for the year ended 31st March 2013- Geographical Segment

Rs. in Lakhs

Sl.No.	Particulars	31-Mar-2013 Audited	31- Mar-2012 Audited
1	SEGMENT REVENUE		
	a) North America	2105.22	1752.90
	b) Rest of World	200.05	202.51
	Less : Inter Segment Revenue	---	---
	Net Sales/ Income from operations	2305.27	1955.41
2	SEGMENT RESULT (Profit before tax and Interest from each segment)		
	a) North America	116.08	(113.62)
	b) Rest of the world	21.89	16.43
	Total	137.97	(97.19)
	Less : Interest	20.84	24.19
	Less : Other un-allocable expenditure	---	---
	Add : Other un-allocable Income	17.63	6.10
	Profit before tax & Extraordinary item	134.76	(115.28)
3	CAPITAL EMPLOYED		
	a) North America	921.61	723.64
	b) Rest of world	165.62	199.23
	Total	1087.23	922.87

4.05 The unaudited financial statements of the wholly owned subsidiary have been prepared in accordance with the Generally accepted accounting principles of its country of incorporation. The differences in the policies of the company and its wholly owned subsidiary are not material

4.06 The subsidiary company considered in the consolidated financial statements is

	Country of Incorporation	Proportion of Ownership
CGVAK Software USA Inc	USA	100%
	31-Mar-2013	31-Mar-2012
Exchange rate of US \$	54.00	48.60

4.07 No Provision has been made for the following 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 claim is pending.

4.08 On the issue of 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 filed affidavit before the High court.

4.09 Previous year figures have been regrouped/reclassified wherever found necessary

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountant
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

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

C.Ganapathy
Executive Chairman

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 29th May, 2013

Notes

Notes

CG-VAK SOFTWARE AND EXPORTS LIMITED

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

PROXY FORM

I/Weof
..... Member(s)

of the above named Company, hereby appoint Sri of
.....in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the the EIGHTEENTH ANNUAL GENERAL MEETING of the company to be held on Friday the 23rd August, 2013 at 4.30 P.M at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018.

Signed this day of 2013.

Reg. Folio No.

No. of Shares held :

Affix
Rupee 1
Revenue
Stamp

Signature of the Member

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

CG-VAK SOFTWARE AND EXPORTS LIMITED

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

ATTENDANCE SLIP

Full Name of the Member attending (IN BLOCK LETTERS).....

Full Name of the First Joint Holder

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

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the company to be held on Friday the 23rd August, 2013 at 4.30 P.M at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018.

Registered Folio No.

* Member's / Proxy's Signature

No. of Shares held :

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

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

The Ministry of Corporate Affairs (MCA) has taken a 'Green initiative in the Corporate Governance' by allowing paperless compliances by companies vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 stating that the service of documents by the companies to its members can be made through electronic mode.

The advantages of sending documents in electronic mode are:

1. Receive communication promptly
2. Reduce paper consumption and save trees
3. Avoid loss of document in postal transit and
4. Save costs on paper and on postage

Considering the move taken by the MCA as a welcome step for the society at large, the Company has started sending documents such as notices of general meeting(s), audited financial statements, auditor's report, director's report etc., to the shareholders through e-mail. Please note that all such documents are also available on the Company's website www.cgvak.com.

We solicit your valuable co-operation and support in our endeavour to contribute our bit to the environment.

Please send the below form to:

The Compliance Officer

CG-VAK Software And Exports Ltd

171 Mettupalayam Road, Coimbatore 641 043,

E-mail: investorservices@cgvak.com

Ph: 0422-2434491 or 2434492, Fax: 0422- 2440679

YOU ARE REQUESTED TO FILL THE DETAILS IN THE FORMAT PROVIDED BELOW SO AS TO ENABLE THE COMPANY TO SEND THE DOCUMENTS THROUGH ELECTRONIC MODE.

FORM

Folio No.: _____ (in case of members holding shares in physical form)

DP-ID No.: _____ Client ID No.: _____

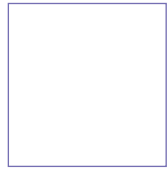
I/We _____ resident of _____
being a member/members of CG-VAK Software And Exports Ltd, hereby agree to receive the communication/documents through electronic mode at _____
(mention e-mail ID).

Signature of Member(s)

Note:

1. Members holding shares in dematerialized form are advised to register their e-mail address with the concerned Depository Participants.
2. Members holding shares in physical form are advised to update/register their e-mail address at investorservices@cgvak.com.
3. Members holding shares in physical form are also requested to demat the same at the earliest.

BOOK - POST



To

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If undelivered please return to :



CG-VAKTM
SOFTWARE & EXPORTS LTD.
An ISO 9001 : 2008 Certified Company

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