



35th ANNUAL REPORT

2019 - 2020



BOARD OF DIRECTORS

Mr. Murali Krishna Tummala (1889806)
Mr. Duruvasan R (00223052)
Mr. Mohana Rao Kancharla (00004288)
Mr. Rama Krishna Sebbineni (01825682)
*Mr. Appa Rao Kancharla (02532842)
Mr. Venkat Davarapalli (00028498)
Mr. Sai Krishna Kancharla (07775575)
Mrs. Aruna Krishna Sabbineni (06997005)

Chairman and Independent Director
Independent Director
Whole-time Director
Alternate Director of Venkat Davarapalli
Alternate Director of Sai Krishna Kancharla
Director
Director
Director

Corporate Identity Number (CIN): L55100TG1985PLC045963

KEY MANAGERIAL PERSONNEL

Mr. Mohana Rao Kancharla - Whole -Time Director
Mr. Srinivasa Raju Kucherlapati - Chief Financial Officer
Mr. Surya Prakash Mungelkar - Company Secretary

BANKERS

ICICI Bank
Bank of India
IndusInd Bank

AUDITORS

P C N & ASSOCIATES
Chartered Accountants
Plot No. 12, "N Heights" Ground Floor,
Cyberabad, Hyderabad - 500081

INTERNAL AUDITOR

K Rama Mohan & Associates.
Flat No.1004, Minar
Apartments, Basheerbagh
Hyderabad - 500029

SECRETARIAL AUDITOR

Sharda Putcha
8-3-168/B/10, Siddhartha
Nagar, ESI, Near A.G. Colony
Hyderabad - 500038

REGISTERED OFFICE

7th Floor, Tower-A, Ramky
Selenium, Nanakramguda,
Gachibowli,
Hyderabad - 500 032
Ph: 040 42421122
Fax: 040 66259444

SHARE TRANSFER AGENTS

Aarthi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029
Ph: 040 - 27634445
Fax: 040 - 27632184

info@cesltd.com
www.cesltd.com

LISTING AT

Bombay Stock Exchange Limited, Mumbai
Ahmedabad Stock Exchange Limited, Ahmadabad

* Shri Appa Rao Kancharla passed away on 27.11.2020



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NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of. CES LIMITED will be held on Wednesday , 30th day of December 2020, at 4:00 P.M.at the Registered Office of the Company through Video Conferencing (VC) facility/Other Audio Visual Means (OAVM), to transact the following Business:

ORDINARY BUSINESS

1. To consider and adopt:

- a. Audited Financial Statements of the Company for the financial year ended March 31, 2020 together with reports of the Board of Directors ("the Board") and Statutory Auditors thereon.
- b. Audited Consolidated Financial Statements of the Company for the financial year 31st March, 2020 together with the reports of Statutory Auditors thereon.

2. To re-appoint Mr. Venkat Davarapalli 00028498) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. TO RE-APPOINT MR. TUMMALA MURALI KRISHNA (01889806) AS INDEPENDENT DIRECTOR.

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

The Board appreciated services rendered by Shri. Tummala Murali Krishna (DIN:01889806) as a non-executive Independent Director and informed the shareholders he was appointed as non-executive Independent Director for period of Five years in 30th Annual General Meeting of CES Limited which shall expire on 28th September, 2020. Due to pandemic AGM was postponed and he was re-appointed as independent director in the Board Meeting held 04th September 2020. The Board recommends his reappointment as Independent Director for period of Five years from 29th September 2020 to 28th September, 2025 and ratification of his appointment from 29th September , 2020.

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time that Shri. Tummala Murali Krishna (DIN:01889806) a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re appointment, be and is hereby reappointed as an Independent Director of the Company, with effect from 29th September ,2020 to till 28th September, 2025 and he shall not retire by rotation.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE: 05/12/2020

M. Surya Prakash
Company Secretary

IMPORTANT NOTES:

1. The Explanatory Statement, pursuant to Section 102 (1) of the Companies Act, 2013, setting out material facts in respect of the ordinary /special business items set out under item no 4 accompanying notice.
2. Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

A) General instructions for accessing and participating in the 35th AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting

4. In view of the outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5 May 2020 read with circulars dated 8 April 2020 and 13 April 2020 (collectively referred to as "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") the 35th AGM of the Company is being conducted through VC/OAVM Facility without the physical presence of the Members at a common venue.
5. In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
6. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with Rule 18(1) of the Companies (Management and Administration) Rules, 2014, the Notice calling the AGM along with the Annual Report for the financial year 2019-2020 is being sent in electronic mode to all the Members who have registered their e-mail ID's with the Company/Depository Participants for communication purposes. Members who have not registered their e-mail address or if there is any change in their e-mail address are requested to register/update their e-mail address for receiving all communications including Notices, Circulars, etc. from the Company electronically. Members may also note that the Annual Report for financial year 2019-2020 will also be available on the Company's website www.cesltd.com for download.

Members are requested to support Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with Registrar and Transfer Agent or the Company (in case of Shares held in physical form) in the prescribed form which can be down loaded from the Company's website at www.cesltd.com for receiving all communication including Annual report, notices from the Company electronically.

7. The Register of Members and Share Transfer Books of the Company shall remain closed from 24 December (Thursday) 2020 to 30 December (Wednesday) 2020. (Both days inclusive) and Cut off date for sending AGM notice shall be 7th December, 2020
8. Company has appointed NSDL to provide facility for voting through remote e-Voting, for participation in the 35th AGM through VC/OAVM Facility and e-Voting during 35th AGM.
9. Attendance of the members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
10. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the e mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for first come first served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the chairpersons of the Audit Committee. Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. are allowed to attend the meeting without restriction on account of first-come first-served principle.
11. Corporate members intending to attend/vote at AGM through VC by their respective authorized representative(s) pursuant to section 113 of the Companies Act, 2013 to are requested to send their authorizations/ resolutions/ power of attorney to Mr. CS Surya Prakash .M (surya.mungelkar@cesltd.com) a duly certified copy of the same or upload it on the e-voting portal authorizing their representatives to attend and vote on their behalf at the Annual General Meeting of the Company.
12. The Board of Directors has appointed CS Putcha Sharada ACS No. 21717 & CP N. 8735, as a Scrutinizer to scrutinize the remote e-voting process and voting process at AGM in a fair and transparent manner and she has communicated her willingness to be appointed.
13. The scrutinizer shall, immediately after the conclusion of the e- voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e- voting and make, not later than 48 hours from conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, to Chairman or Director or Key Managerial Personnel as authorized by the Board of the Company, who shall countersign the same.
14. The results of voting will be declared within 48 hours from the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website www.cesltd.com and on www.evoting.nsdl.co.in. Further, the results shall be displayed on the Notice Board of the Company at its Registered Office and will also be posted on the website of Company. It shall also be communicated to relevant Stock Exchanges.
15. Electronic Voting through remote mode as per Annexure-5
16. Login to <https://us04web.zoom.us/> or click on link mentioned as below:
Meeting ID : 734 4674 3516
Passcode : **bkDx6b**



Invite Link : <https://us04web.zoom.us/j/73446743516?pwd=UEtJNWlnZ3NjeFFrbmNPZ2EvcWtsQT09>

BY ORDER OF THE BOARD
For CES LIMITED

PLACE: HYDERABAD

DATE: 05/12/2020

M. Surya Prakash
Company Secretary

Explanatory statements under section 102 of Companies Act 2013

Item No. 3

Shri Tummala Murali Krishna is a B.E Graduate and has more than 3 decades of experience in Infrastructure and Engineering. He is the Founder of Tummala Infrastructure Limited, a public Limited Company incorporated by him.

Board appreciates his valuable 5 years' service to Company and Board is of view that his rich experience would boost the performance of Company.

Further details required under Regulation 36 (3) of the LODR and Secretarial Standard 2(General Meeting on appointment and re-appointment of Directors) are provided in Annexure. Except Shri Tummala Murali Krishna , no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution. He is not related to any director, inter se of the Company and does not hold any share in Company.

Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS- 2) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, 17(1A) and regarding appointment of Director is given below: -

1.	Age	56
2.	Qualifications	B. E
3.	Area of Experience	Infrastructure and Engineering
4.	Last drawn remuneration	NA
5.	Date of first appointment on the Board	29.09.2015
6.	No. of share held	Nil
7.	Relationship with Directors, Managers & KMP	NA
8.	Number of Board Meeting attended during FY 2019-20.	6
9.	Other Directorship	4



10.	Chairman/ Member of the Committees of Boards of other companies	-
11.	Justification's for appointment	

None of the directors or their relatives are interested or concerned in the said resolution.

The Board recommends this Resolution for your approval.



DIRECTORS' REPORT

To
The Members of
M/s. CES LIMITED

The Directors have pleasure in presenting the 35th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March 2020 (01.04.2019 to 31.03.2020).

FINANCIAL RESULTS

(Rs. In Lacs)

	Consolidated		Standalone	
	2019-2020	2018-2019	2019-2020	2018-2019
Total Revenue	27,827.32	24,647.62	11,539.69	10,223.83
Profit Before Depreciation	3,367.81	2,604.39	1,450.27	1,146.13
Depreciation	826.47	727.26	342.79	316.77
Profit Before Taxation	2,541.34	1,877.13	1,107.48	829.36
Provision for Taxation	540.21	615.14	161.09	352.15
Profit after Taxation	2,001.12	1,261.99	946.39	477.21
Total Comprehensive Income	1,878.39	1,165.49	832.78	380.71
Brought Forward Profit/(Loss)	3,522.26	5,866.77	1,216.44	4,345.73
Balance carried to Balance Sheet	4910.11	3,522.26	2,049.22	1,216.44

BUSINESS PERFORMANCE OF THE COMPANY

Standalone: Our revenue for financial year 2019-20 is Rs. 11,338.58 Lacs and our profit after tax (PAT) Rs.946.39 Lacs.

Consolidated: Our consolidated financial results for financial year 2019-20 is Rs. 27827.32 Lacs and our consolidated profit after tax (PAT) is Rs. 2,001.12 Lacs.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Name	Designation / Category
Mr. Murali Krishna Tummala(01889806)	Chairman (Independent Director)
Mr. Duruvasan Ramachandra (00223052)	Member (Independent Director)
Mr. Rama Krishna Sebbineni(01825682)	Member (Non-Executive Director)

NOMINATION & REMUNERATION COMMITTEE

Name	Designation / Category
Mr. Duruvasan Ramachandra (00223052)	Chairman(Independent Director)
Mr. Murali Krishna Tummala (01889806)	Member (Independent Director)
Mr. Appa Rao Kancharla (02532842)	Non-Executive Director

Note: Shri Appa Rao Kancharla passed away on 27.11.2020

STAKEHOLDER RELATIONSHIP COMMITTEE

Name	Designation / Category
Mr. Murali Krishna Tummala (01889806)	Chairman (Independent Director)
Mr. Duruvasan Ramachandra (00223052)	Member (Independent Director)
Mr. Rama Krishna Sebbineni (01825682)	Member (Non- Executive Director)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Designation / Category
Mr. Murali Krishna Tummala (01889806)	Chairman (Independent Director)
Mr. Rama Krishna Sebbineni (01825682)	Member (Non- Executive Director)
Mr. Mohan Kancharla (00004288)	Executive Director

DURING THE FINANCIAL YEAR 2019-2020, SIX BOARD MEETINGS WERE HELD AS FOLLOWS:

25.04.2019, 27.05.2019, 13.08.2019, 05.09.2019, 13.11.2019, & 14.02.2020

FINANCIALS OF SUBSIDIARY COMPANY

Pursuant section 129 sub section (3), the financials of subsidiary are as per **Annexure –I**.

EXTRACT OF ANNUAL RETURN

Pursuant to section 134 sub section (3) (a), the extract of annual return enclosed in **Annexure -II**

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 of the Companies Act 2013:

- (a) That in the preparation of the annual accounts/financial statements for the financial year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) That the accounting policies as mentioned in the financial statements were selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period
- (c) That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual accounts were prepared on a going concern basis;
- (e) That proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- (f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively

STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS -149(6)

The Company has received Certificate of Independence from Independent Director, inter-alia, pursuant to Section 149 of the Companies Act, 2013, confirming and certifying that they have complied with all the requirements of being an Independent Director of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT (SECTION 186)

During the financial year Company has acquired 30 % stake in CES Global IT Solutions Private Limited (CGIPL) and 1.5 % stake in CES Technology Services Private Limited (CTSPL), With this both companies has become wholly own subsidiary companies of the CES Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (188(1))

The Company had entered into contract with its wholly own Subsidiary i.e. CES USA Inc. The Board of Directors and Shareholders of the Company had approved the contract up to 30th December, 2019. During the Financial year the Shri Mohan Rao Kancharla (00004288), Whole- Time Director was re-appointed after members approval in the 34th Annual General Meeting held on 30.09.2019.

DISCLOSURES OF TRANSACTIONS OF THE LISTED ENTITY WITH ANY PERSON OR ENTITY BELONGING TO THE PROMOTER/PROMOTER GROUP WHICH HOLD(S) 10% OR MORE SHAREHOLDING IN THE LISTED ENTITY:

S.No	Name of the Related Party	Nature of Relation	Nature of Transaction	2019-20	2018-19
1	CES Information Technologies Pvt. Ltd.	Common directors	Services rendered	Rs. 600,000/-	Rs. 22,50,000/-
2	CES Global IT Solutions Pvt. Limited.	Common directors	Services rendered	Rs. 96,00,000/-	Rs. 96,00,000/-
3	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	Rs. 17,00,000/-	Rs.24,00,000/-

AMOUNT IF ANY, IF IT PROPOSES TO CARRY TO RESERVES:

During the end of the financial year the Company has not transferred any amount to reserves.

NO DIVIDENDS DECLARED FOR FINANCIAL YEAR 2019-2020:

The Company is at expansion mode; therefore, Board is of Opinion that there is no need to declare dividends.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 13 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, to this report.

(a) Conservation of Energy:

This year we devoted considerable attention on methods and approaches to conserve power. Significant steps taken in this regard include the following:-

- Turning off monitors during weekends.
- Hibernation of Desktops & notebook computers when not in use.

- Turning off lights in all floors when not working.
- Turning off the Air Conditioners during non-peak hours and on weekends.

(b) (i) Technology Absorption, adaptation and innovation:-

- As you would appreciate, technology is witnessing rapid change. Since our customers expect us to lead them through such change, we proactively & continuously invest in developing technology building blocks and solution frameworks which add value to our customers' business. Company uses a multi-pronged strategy for developing technology assets and to promote innovation. These technology initiatives are driven by each business unit based on the trends they see in their respective markets. These efforts help us in two ways (i) gain our customers' trust & confidence; and (ii) attract & retain key talent who see the Company as a more exciting place to work in.

(ii) Research and Development(R &D):

Your company carries out various research and development initiatives to address different market segment.

(c) Foreign Exchange earnings and outgo:

(Rs. In Lacs)

Particulars	31.03.2020	31.03.2019
Foreign Exchange Earnings	11,338.58	9,997.29
Foreign Exchange Outgo :		
Foreign Travelling	66.47	85.91

AUDITORS

Statutory / Financial Audit

The Company had, approved the appointment of M/s. P C N & Associates, (FRN: 016016S), Chartered Accountants, as the Statutory Auditors of the Company for a period of five years w.e.f. 29th September ,2017 in the 32nd Annual General Meeting.

Secretarial Audit and Annual Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Smt. Sharada Putcha Company Secretaries in Practice (C.P No.8735) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **Annexure- IV**.

Internal Auditors

Pursuant to provisions of section of 138 of Companies Act 2013 and Companies (Accounts) Rules, 2014, Board of Directors appointed Ram Mohan & Associates. (Regn No.007700S) as Internal Auditors of the Company

EXPLANATION OR COMMENTS BY THE BOD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS IN AUDIT REPORT

Pursuant to section 134(3) (f) (i) there are no qualification, reservation or adverse remark or disclaimer made by the Auditors in Audit report.

EXPLANATION OR COMMENTS BY THE BOD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE PCS IN SECRETARIAL AUDIT REPORT

Pursuant to Regulation 31(2) of SEBI (LODR) Regulation 2015, 100 % Promoter holding to be in dematerialized account, but it is notice that 3500000 shares of promoter holding is in Physical Shares. The Promoters are Foreign Trusts and it was informed by the Company, that Foreign Trusts approached many brokerage firms and none have accepted to open the demat account.

MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, OCCURRING AFTER BALANCE SHEET DATE

There are no such changes

CHANGE IN THE NATURE OF BUSINESS

During the year, there was no change in the nature of business of the company or any of its subsidiaries.

DETAILS OF DIRECTORS/KMP APPOINTED/RESIGNED DURING THE YEAR

Shri Appa Rao Kancherla Passed away on 27.11.2020 and during the year CS Surya Prakash Mungelkar resigned on 29.05.2019 and was again appointed as Company Secretary and KMP as on 05.09.2019.

Mr. Benarji Mallampati resigned as Chief Financial officer (KMP) of the Company effective from 24th November, 2020. Subsequently, the Board appointed Mr. Srinivasa Raju Kucherlapati as Chief Financial officer (KMP) w.e.f. 5th December, 2020.

NAME OF THE COMPANIES WHICH HAVE BECOME/CEASED TO BE SUBSIDIARIES

There is no such instance during the financial year. The details of subsidiary companies, associate companies and foreign branch are as follows

Sl. No	Name of the Company	Relationship
i.	CES Information Technologies Private Limited	Subsidiary Company
ii.	CES USA Inc.	Subsidiary Company
iii.	CES Technology Services Private Limited	Subsidiary Company
iv.	CES Global IT Solutions Private Limited	Subsidiary Company
v.	CES Information Systems Private Limited	Associate Company
vi.	Infra Master Private Limited	Associate Company
vii.	CES Limited LLC	Foreign Branch in United States

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the financial year there is no such instance which has significant influence on the company

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees permanent, temporary or contractual are covered under the above policy.. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. To build awareness in this area, the Company has been conducting awareness sessions during induction. During the year under review, no complaints pertaining to sexual harassment of women employees were reported.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

In terms of the requirements of the Companies Act, 2013 and LODR Regulations, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any, including reporting instances of leak of UPSI or suspected leak of UPSI by employees and taking appropriate actions on such reporting. The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company.

DETAILS OF DEPOSITS ACCEPTED

The Company did not accept any fixed deposits within the meaning of section 73 of the Companies Act, 2013 during the year. no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

DISCLOSURE ABOUT RECEIPT OF ANY COMMISSION BY MD / WTD FROM A COMPANY AND ALSO RECEIVING COMMISSION / REMUNERATION FROM IT HOLDING OR SUBSIDIARY

BOARD EVALUATION

The Board has carried out the annual evaluation of its own performance and that of its Committees and individual Directors for the year pursuant to the provisions of the Act and the corporate governance requirements prescribed under the Listing Regulations. The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors. The criteria for performance evaluation of the Board was based on the Guidance Note issued by SEBI on Board Evaluation which included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members.

The criteria for performance evaluation of the Committees was based on the Guidance Note issued by SEBI on Board Evaluation which included aspects such as structure and composition of committees, effectiveness of committee meetings, etc.

In a separate meeting held on February 14, 2020, the Independent Directors evaluated the performance of Non-Independent Directors and performance of the Board as a whole. They also evaluated the performance of the Chairman taking into account the views of Executive Director and Non-Executive Directors. The NRC reviewed the performance of the Board, its Committees and of the Directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors and NRC, at which the feedback received from the Directors on the performance of the Board and its Committees was also discussed.

Policy on Directors' Appointment, Remuneration & Other details

The Company adopted a policy relating to the remuneration. This Policy covers the remuneration and other terms of employment for the Company's Executive Team. The remuneration policy for members of the Board and for management, aims at improving the performance and enhancing the value of the Company by motivating and retaining them and to attract the right persons to the right jobs in the Company. The object of this Remuneration Policy is to make your Company a desirable workplace for competent employees and thereby secure competitiveness, future development and acceptable profitability. In order to achieve this, it is imperative that the Company is in a position to offer competitive remuneration in all its operational locations.

Particulars of Contracts / Arrangements with Related Parties

During the financial year 2019-20, your Company has entered into transactions with related parties as defined under Regulation 23 of the SEBI (LODR) Regulations, 2015 and section 2(76) of the Companies Act, 2013 read with Companies (Specifications of definitions Details) Rules, 2014, all of which were in ordinary course of Business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations. Further, there were no transactions with related parties which qualify as material transactions under the Listing Regulations.

The details of the related party transactions as per Accounting Standard 18 are set out in Note 36 to the standalone financial Statements forming part of this report.

The particulars of contracts/arrangements made with related parties as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is set as Annexure IV.



Acknowledgement

Your Directors would like to express their sincere appreciation and gratitude for the support and co-operation received from the Central and State Governments, Greater Hyderabad Municipal Corporation, Stock Exchanges, Ministry of Corporate Affairs, Shareholders, Bankers, Financial Institutions, Customers, Suppliers, Contractors and other Associates for their continued support to the Company.

The Company enjoyed very cordial and fruitful relations with the employees during the year under review and the Management wishes to place on record its sincere appreciation of the efforts put in by the Company's executives, staff and workers for achieving reasonable results under demanding circumstances

For and on behalf of the Board of Directors of
M/s. CES Limited

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDIAN IT & ITES (BPM) INDUSTRY**Introduction**

India's information technology and back-office sector is expected to grow 7.7% in fiscal 2020 to \$191 billion, with exports touching \$147 billion as per the National Association of Software and Services Companies.

The IT industry added 2,05,000 jobs in the fiscal year 2019-2020 from 1,85,000 jobs it added in Fiscal year 2018-2019. As per NASSCOM any industry that delivers more than 7% growth is a strong industry. Since world economy is growing at about 3%, then this can be considered as good growth.

As per NASSCOM the industry added \$14 billion in new revenue, a significantly higher amount than in the past. "It is important to look at this as the (revenue) base increases," Since last year, Nasscom discontinued issuing annual growth forecast before the start of the year.

IMPACT OF COVID -19 ON IT INDUSTRY

Indian IT services industry's is expected to see an adverse impact for a short-term due to COVID-19 outbreak with the sector clocking a lower growth of 3-5 per cent in financial year 2020-2021, according to ratings agency ICRA. ICRA previously expected the sector to grow at 6-8 per cent

With the slowdown in growth during the first half of 2020-21, the margins will also be negatively impacted before a likely recovery in next the financial year as per ICRA. However, the credit outlook for Indian IT companies remains stable led by healthy free cash flows cushioning short-term disruptions with significant liquidity in the form of surplus investments generated out of past cash flows, it added.

The global spread of the coronavirus is resulting in simultaneous supply and demand shocks. It expects these shocks to materially slow down the economic activity. As per Moody's Investor Services the US and the Euro zone - which generates more than 80 per cent of IT services export revenues - will see their GDP growth fall from 2.3 per cent and 1.2 per cent in calendar year 2019 (estimate) to 1.5 per cent and 0.7 per cent, respectively, in 2020.

The (ICRA) forecast assumes gradual recovery during the second half of the year, however, the evolution of virus remains highly uncertain and the full extent of the economic costs remains unclear at this point of time. As per ICRA the demand side, developed economies that contribute to majority of the revenues will see delayed off-take of scheduled new projects, reduced discretionary spend as well as overall lower spend owing to sluggish economic growth.

BFSI vertical (which accounts for 30 per cent of the sector's revenues) is already seeing weakness across the US and Europe and will be further impacted, primarily owing to short-term impact of coronavirus on economic growth, lower credit off-take and other banking services.

Other key sectors such as oil and gas will be impacted because of record-low crude oil prices leading to reduced discretionary spends by such companies, it added. Manufacturing sector - which has been one of the key growth drivers - is also expected to be adversely hit due to overall lower consumption, while travel and hospitality and retail will be impacted as consumers will restrict outdoor activities to essentials in the foreseeable future, ICRA noted.

On the supply side, Indian IT services will face issues such as travel restrictions to developed countries as well as closure of offices/work from home at various offshore development centres as well as onshore, thereby impacting movement of labour.



At the initial stages of projects, movement of labour at client's site is essential while later the same can be managed remotely. New projects to be commissioned will be delayed by a minimum of 3-6 months, while projects in the pipeline will also face delays, the agency cautioned.

The margins for the Indian IT services are already facing challenging operating environment characterised by continued pressure on commoditised IT services, wage inflation, higher onsite costs necessitated by visa curbs as well as lower discretionary spend by corporate as per ICRA.

It added that it expects large size companies with diversified presence across sectors to manage such headwinds better compared to mid-size companies that have moderately high proportion of revenues coming from a few sectors. Nevertheless, the credit profile of Indian IT services companies is expected to remain stable underpinned by its ability to sustain free cash flows despite pressure on short-term revenue growth and margins as per ICRA.

In a separate report, Sharekhan by BNP Paribas also added that January-March quarter is expected to be a weak quarter for Indian IT companies, owing to lower billings from lockdown measures in western countries (including the US and Europe) and India in wake of COVID-19 outbreak. Though management of IT companies has restrained to quantify the potential impact of the COVID-19 breakout on the financials, there has definitely been disruption in service delivery and execution due to travel restrictions, client's confidentiality clauses, and work-from-home (WFH) advisories since mid-March.

COMPANY OVERVIEW

A leading name in the Business Process Management (BPM) and IT Services space in India, CES Ltd. (CES) specializes in providing customer-oriented solutions in Financial Services, Healthcare and e-Commerce domains. Its strengths lie in building long-term customer relationships through alignment with customer's business goals, and offering world class, flexible and cost effective solutions. The Company is headquartered in Hyderabad, with presence across the globe through its state-of-the-art delivery centers and offices. Within India, the delivery centers are located in the IT hubs of Hyderabad, Chennai and Visakhapatnam. It also has near-shore presence through facilities in Europe, North America and the Middle East. IT-enabled Services or BPM solutions is the larger segment from a revenue standpoint, with majority of the services exported to United States. The Company has mastered the onsite, offsite and offshore delivery models, and can tailor its solutions as per customers' needs, and deliver to their satisfaction leveraging its proven, quality processes and skilled manpower. It has an established track record of delivering faster ROI for its customers in specific niches within various industries, such as:

- Asset Management space within the Financial Services industry
- EHR/EMR offerings and Consulting services to the Healthcare

FUTURE OUTLOOK

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Export revenue of the industry is expected to grow 7-9 per cent year-on-year to US\$ 145-150 billion in FY20. The industry is expected to grow to US\$ 350 billion by 2025 and BPM is expected to account for US\$ 50-55 billion out of the total revenue.

OPPORTUNITIES

The constant focus on process improvement by automation and continuous benchmarking of delivery to improve focus, have resulted in customer satisfaction every time. Our customers stand testimony to our track record of providing outstanding customer experience and maximizing their Return on Investment. ***Building Lasting***



Relationships has always been our culture and that focus enables us to deliver enhanced business value, a culture that inspires our actions and is a part of our DNA.

We also aim to offer our services in the domestic market by positioning our services to suit the domestic business with its unique Services.

THREATS

CES Limited is in an industry where attrition is one of the major concern areas. The Company in the international business faces tough challenges in getting employable manpower from the available manpower pool. CES Limited has been investing a lot of resources for training candidates on the basic skills that are required to make them employable. The attrition rate in the Domestic business is also on similar lines. CES has extended its learning in the International segment to Domestic market and necessary processes are in place to ensure that right candidates are being hired, trained and retained.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

CONSOLIDATED

The year-end consolidated income from operations is Rs. 27,827.32 lakhs and Net profit/ PAT is Rs. 2001.12 lakhs.

STANDALONE

The year-end standalone income from operations is Rs. 11,338.58 Lakhs and Net Profit/ PAT is Rs. 946.39 Lakhs.

(b) Segment-wise.

SEGMENT WISE RESULTS (STANDALONE):

BUSINESS SEGMENT:

PARTICULARS	2019-20		2018-19	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	2,241.35	9,097.23	1,447.45	8,550.55
Profit Before Taxes	221.49	885.98	120.07	709.29
Provision for Taxes	32.21	128.87	50.98	301.17
Profit After Taxes	189.28	757.11	69.09	408.12

(Rs. In Lacs)

GEOGRAPHICAL SEGMENT:

PARTICULARS	2019-20		2018-19	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	11,338.58	0.00	9,997.29	0.71
Profit Before Taxes	1,107.47	0.00	829.30	0.06
Provision for Taxes	161.09	0.00	352.13	0.02
Profit After Taxes	946.38	0.00	477.17	0.04

SEGMENT WISE RESULTS (CONSOLIDATED):
BUSINESS SEGMENT:

(Rs. In Lacs)

PARTICULARS	2019-20		2018-19	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	5,714.21	22,113.12	5,157.64	19,489.98
Profit Before Taxes	521.85	2019.49	392.80	1,484.33
Provision for Taxes	110.93	429.28	128.72	486.42
Profit After Taxes	410.92	1590.20	264.08	997.91

GEOGRAPHICAL SEGMENT:

PARTICULARS	2019-20		2018-19	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	27,755.76	71.56	24,584.40	63.22
Profit Before Taxes	2,534.8	6.54	1,872.32	4.81
Provision for Taxes	538.83	1.39	613.56	1.58
Profit After Taxes	1,995.98	5.15	1,258.76	3.23

(c) Risks and concerns.
BUSINESS RISKS.

The International business is affected adversely by Covid -19 and we are actively monitoring the business

trends and accordingly management is acting as per situations of industry . The offshore servicing business which yields exports revenue has not grown and it continues to have a lower Capacity Utilization. We have teams in US as well as consultants will keep putting efforts to grow this business.

The Domestic business is improving gradually and pricing in the market has been increasing gradually. We now have good capacity utilization in this business at rates which are much higher than what we were getting a few years back. The plan is to keep looking for strategic contracts where we can negotiate higher rates and make this business more profitable.

INDIAN COMPLIANCE AND TAXATION RISK

Taxes and other levies imposed by the Government of India. In particular we will be affected by the taxes and laws levied by authorities such as a) Income Tax b) GST etc. We are taking adequate efforts to comply with the entire statutory requirement on an ongoing basis and the same is subject to Internal Audit on a quarterly basis. We also take the help of external consultants to handle specific issues as and when it arises.

Ministry of Corporate Affairs and Security Exchange Board of India has issue various circulars, Notification and amendments during the financial year 2019-20. Our Company has taken necessary steps to ensure Compliance of all the above.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a threat. There has been volatility in the exchange rate between INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. While the rupee was range bound between INR 70- 72 against the USD for most part of the year, there was a sudden movement of the rupee towards the last fortnight of the financial year where in the rupee appreciated above 76 INR. Also the increase in share of domestic revenue will mitigate this risk to an extent. Our results of operation will be affected if the rupee- dollar rates continues to behave in a volatile manner in future or rupee appreciates significantly against dollar and other currencies.

GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our Company has a global footprint and the revenues are dependent on clients located predominantly in US. As a strategy we continue to focus on increasing the share of our Revenues from US as the margins are better compared to Domestic business. As a result the Company is exposed to various risks typically associated with doing business in various countries, many of which are beyond the control of the management.

INFRASTRUCTURE RISKS

The Company has invested substantially in the state of the art infrastructure and equipment in its centers to provide a world-class service to its customers. Service to our clients also depends on the uninterrupted functioning of these equipment, power and stability of telecom network. Any obsolescence in the infrastructure and equipment leading to incompatibility with client's systems or any disruption in the essential services may affect the business of the company. Adequate backups and redundancy measures are in place for uninterrupted functioning of IT and telecom equipment. AMC of all equipment is being monitored for timely renewals wherever needed. Insurance for fixed assets and all office locations is in force and is monitored for timely renewals and adequacy of risks covered under Office package policy.

HUMAN RESOURCES RISK

ITES (BPM) industry is a labour intensive industry and the Company's success depends on its ability to retain key employees. Historically employee attrition has been a common feature in this Industry and but our

Company has a low level of attrition compare to industry. There have been cases of companies losing KPO orders for not being able to demonstrate a competent team that can manage a large workforce. Increasing level of attrition further complicates the problem.

There is a gap between the supply and demand of work force. Further, the available man power is not immediately employable in terms of the skill sets required for the industry. Thus the shortage of supply in quality manpower both at the managerial level and at the agent's level may significantly affect the functioning of the Company.

(d) Internal control systems and their adequacy:

CES Limited (CES) has adequate internal controls and checks in place for its operations across all locations. The internal control systems are robustly designed keeping future requirements and needs also in focus. The management systems being followed at CES comply with international standards.

Compliance and Certification Achievements in Year 2019: 2020

CMMI Maturity Level 3 for Software Development:

CES is glad to announce the achievement of **“CMMI Maturity Level 3” for its Offshore Software Development Centers at Hyderabad and Chennai in May 2019.** This ensures that an industry proven best practices are implemented in all its Software Development activities using advanced methodologies, tools and techniques in various technologies and meeting its customer requirements effectively.

CMMI maturity Level 5 for Services:

CES has also attained “CMMI Maturity Level 5” for Service: a highest standard for attaining Capability and Maturity for Service Delivery using CMMI framework. The Service Delivery Centre-Hyderabad is appraised at CMMI Maturity Level 5 in May 2018. In addition to it , CES is also been Assessed for CMMI Dev 1.3 Maturity Level 3 for Software Development activities performed at its Offshore Delivery Centers - Hyderabad and Chennai locations.

This ensures that software development is planned, managed for its timely delivery, provides a cost effective solution and meets customer requirements with CES Software Delivery Processes while using the latest technologies and methodologies across the industry.

Service Organization Controls: SOC Compliance

CES has implemented and demonstrated SOC (Service Organization Controls) compliance. A International compliance framework which provides assurance to its customers that a set of Best Security Practices are being followed and Complied while using the customer provided Information, Documentation, Data, etc. during the Business Process execution from CES offshore locations that support Customer Business.

This also helps service organizations like CES Ltd that provide services to customers and other entities, build trust and confidence in the service(s) performed and controls related to the services through a report by an independent Certified Public Accountants from AICPA (American Institute of Certified Public Accountants)

PCIDSS: Payment Card Industry Data Security Standard:

CES has migrated to the latest version of PCIDSS compliance (Version 3.2.1) which shall ensure globally that “Data Security” is given the highest priority with best practices being implemented and maintained at technical as well as operational level components while performing business process activities like Order Processing, Payment Processing, Customer Support services, Fraud Verification, etc. for its global clients.

ISO 27001: 2013 – International Standard for Information Security:

CES is a Certified Organization for Information Security and has continuously demonstrated its compliance to Confidentiality, Integrity and Availability of Information and Data at various levels thru its periodic audits performed by **TUV INDIA PVT LIMITED** (an Independent and Internationally Accredited Certification body).

ISO 22301: 2000 – International Standard for Business Continuity

Having esteemed customers added to its business, CES is also certified on **ISO 22301: International Standard for Business Continuity Management**. This shall enable and assure customers that CES is capable of delivering the agreed services despite of any business disruptions. Having added the new Vishakhapatnam location, CES promises a robust Business Continuity Framework for Service Delivery and Software Delivery activities from Hyderabad-Chennai- Vishakhapatnam locations. The Business Continuity Model of Hyderabad –Chennai – Vishakhapatnam in India gives the assurance and flexibility to the customers to meet the expectation on Availability, Integrity and Security of his Business Processes requirements supported by CES.

Our Corporate Quality team is continuously trained on all International Standards, Frameworks, Industry Specific Compliance and Governance requirements and have good competency in performing audits efficiently and effectively across all locations.

With focus on Information and Data Security, Customer Delight and Delivery Assurance, all our operational locations are audited frequently to ensure that the People, Processes and Infrastructure adhere to the best practices of safety, security, reliability and availability for all its customers and interested parties.

(e) Material developments in Human Resources

At CES, human capital has always been the most valuable asset of the Company. Our employees represent the backbone of the corporate success. The Company provides its employees a transparent and level playing work environment that fosters the culture of collaborative working, meritocracy and on-the-job career progression.

Employment Practices

The Company believes in fair employment practices and is committed to provide an environment that ensures that every employee is treated with dignity and respect and afforded equitable treatment. The Company has zero tolerance for sexual harassment at its workplaces and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has not received, during the year, any concerns including sexual harassment complaints

DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR, INCLUDING:

S. No.	Ratios	Significant Changes
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1	Debtors Turnover	Increased by 14%
2	Inventory Turnover	We are into software industry, therefore we don't have any inventory in our books of account. Hence this ratios can't be calculated.
3	Interest Coverage Ratio	Interest coverage ratio 184.68 times (Explanation: It shows the strong financial position of the company to pay back its financial obligation.)
4	Current Ratio	Increased by 114%.
5	Debt Equity Ratio	We don't have any debt as on 31.03.20. Hence this ration can't be calculated.
6	Operating Profit Margin (%)	Increased by 11 % (Explanation: Because of strategic policies implemented by the management)
7	Net Profit Margin (%)	Increased by 60% (Explanation: Because of strategic policies implemented by the management)

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF."

There has been a marginal increase in Return on Net worth when compared with previous return on Net worth

ACTIVITIES AT CES LIMITED

Expansion of CES IT at Chennai Office.



Cricket Tournament conducted by CES for its Employees



CES" Celebrating International Day of Yoga



1 A BRIEF STATEMENT ON LISTED ENTITY'S PHILOSOPHY ON CODE OF GOVERNANCE.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its transactions with its stakeholders, including its employees, customers, shareholders, suppliers, partners and alliances, supporting agencies, Government, and society at large.

The Management aims to achieve its objective of increasing stakeholders' value while consistently observing the norms laid down in the Code of Corporate Governance. The Management has institutionalized Corporate Governance at all levels within the Company in order to ensure transparency, good practices and a systems-driven style of functioning. It has also established the WE CARE framework for honoring commitments to, and ensuring a positive experience by, our key stakeholders.

The overall responsibility for guiding Corporate Governance within the Company rests with the Board of Directors ('the Board'), which has put in place appropriate policies, guidelines and processes. The day-to-day implementation and monitoring of these policies, guidelines and processes rest with the management of the Company, and are in consonance with the requirements of the Companies Act, 2013, and applicable SEBI Regulations including SEBI (LODR). Keeping in view the Company's size, complexity, global operations and corporate traditions.

CES Limited has adopted the following main principles and philosophies:

- Constitution of the Board of the Company and Committees of Directors of appropriate composition, Size and expertise.
- Complete transparency in the operations of the Company.
- Maintaining prescribed levels of disclosure and complete openness in communication.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- A sound system of risk management and internal control.
- Timely and balanced disclosure of all material information concerning the Company to its stakeholders.
- A system to ensure compliance with applicable laws of all countries in which the Company operates.
- Maintenance of high standards of safety and health.
- Adherence to good governance practices in spirit and not just in letter

2 BOARD OF DIRECTORS:

(a) Composition and category of Directors

(i) Non-Executive Directors:	
(a) Promoter Group	*Mr. Appa Rao Kancharla
	Mr. Rama Krishna Sabbineni

	Mrs. Aruna Krishna Sabbineni
(b) Independent	Mr. Duruvasan R
	Mr. Murali Krishna Tummala
(ii) Executive Director:	Mr. Mohan Kancharla

Disclosure of relationships between directors inter-se;

1. Shri Appa Rao Kancharla is the Father of Shri Mohana Rao Kancharla.
2. Shri Appa Rao Kancharla is Grandfather of Shri Sai Krishna Kancharla.

* Mr. Appa Rao Kancharla passed away on 27.11.2020

(b) Director and Directors Attendance at Board Meeting and AGM

Name of the Director	Number of meetings held	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships of other Boards as on 31 st March, 2020	Number of Memberships of other Board Committees*	Number of Chairmanships in other Board Committees*
Mr.Appa Rao Kancherla	6	1	Y	1	-	-
Mr.Mohan Kancharla	6	5	Y	7	-	-
Mr.Duruvasan Ramachandra	6	6	Y	3	-	-
Mrs. Aruna Krishna Sabbineni	6	1	NA	3	-	-
Mr. Murali Krishna Tummala	6	6	Y	4	-	-
Rama Krishna Sabbineni	6	1	NA	3		

Note: Shri Duruvasan R is Non-Executive Director in Shriram City Union Finance.

Date of the Board Meeting	Board s Strength	No. of Directors present/ required to Present
25.04.2019	6	3
27.05.2019	6	3
13.08.2019	6	4
05.09.2019	6	4
13.11.2019	6	4
14.02.2020	6	2

Board confirms that Independent Directors are independent and fulfill all the conditions specified In SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Companies Act 2013.

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS

Shri Venkat Davaraparalli has 88,38,200 equity shares held in promoter category.

Board of Directors	Industry expertise (IT & Enable services)	Sales, Marketing and Market Strategy	Executive leadership and Board experience	Strategy & Risk Management	Corporate Governance	Expertise in financial matters	Health, safety, environment and sustainability	M&A/ Capital Markets
TUMMALA MURALIRISHNA		✓		✓	✓	✓	✓	✓
DURUVASAN RAMACHANDRA				✓		✓		
MOHANA RAO KANCHARLA	✓	✓	✓	✓	✓	✓	✓	✓
VENATESHWARA RAO DAVARAPALLI	✓	✓	✓	✓	✓			
RAMA KRISHNA SABBINENI			✓	✓	✓	✓	✓	
ARUNA KRISHNA SABBINENI				✓	✓		✓	
SAI KRISHNA KANCHARLA	✓	✓	✓	✓	✓			
APPA RAO KANCHERLA			✓	✓	✓	✓	✓	

Note: Shri Appa Rao Kancherla Passed away on 27.11.2020

3 AUDIT COMMITTEE:
Terms of reference:

The terms of reference of Audit Committee encompass the requirements of Section 177 of Companies Act, 2013 and Regulation 18 of SEBI LODR (Regulations) 2015.

The terms of reference inter-alia includes:

- Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment and removal of external auditor and fixation of audit fees and also approval of payment for any other services.
- Reviewing, with the management, the annual financial statements before submission to the Board focusing primarily on:
- Any changes in accounting policies and practices.
- Major accounting entries involving estimates based on the exercise of judgment by management.

- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and other legal requirements relating to financial statements.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To Review in Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to depositors, debenture holders.

Composition of the Audit Committee as on March 31, 2020:

Name	Designation
Mr. Murali Krishna Tummala(1889806)	Chairman
Mr. Duruvasan R(00223052)	Member
Mr. Rama Krishna Sabbineni (00052308)	Member

#The Audit Committee consists of two Independent Directors as members.

Meetings and Attendance:

Six Audit Committee Meetings were held during the year ended 31st March, 2020. The maximum time gap between any of the two meetings was not more than four months.

Audit Committee Meetings held during the year 2019-20 and attendance details:

Date of the Meeting	Committee Strength	No. of Directors present
25.04.2019	3	3
27.05.2019	3	3
13.08.2019	3	3
05.09.2019	3	3
13.11.2019	3	3
14.02.2020	3	3

#Company Secretary of the Company is the Secretary to the Committee.

The Statutory Auditors of the Company were invited to join the Audit Committee in the meetings for discussing the financial results, financial statements and the Annual/Audited Accounts before placing it to the Board of Directors.

4 NOMINATION & REMUNERATION COMMITTEE

The terms of reference of Nomination & Remuneration Committee encompass the requirements of Section 178 of Companies Act, 2013 and Regulation 18 of SEBI LODR (Regulations) 2015.

The key role of this Committee is as follows:

- Provide oversight on Strategic Human Capital issues.
- For the position of Whole -Time Director and other Directors and their engagement terms to the Board.
- Evaluate and approve for appointment candidates recommended by Whole -Time Director for key senior positions.
- Review the Succession Plan for Critical Positions and suggest actions.
- Have the responsibility for setting the remuneration for the Whole Time Directors. Review and take into notice remuneration for the direct reports of the Whole -Time Director. Remuneration in this context will include salary, and performance based variable component and any compensation payments, such as retiring benefits or stock options.

Mandate, Role and Responsibilities of the Nomination and Remuneration Committee:

As specified under the Companies Act 2013, Rules under the Companies Act 2013, Regulation 18 of SEBI LODR (Regulations) 2015 and regulatory requirements that may come into force from time to time; and as may be mandated by the Board of Directors from time to time.

Composition of the Nomination and Remuneration Committee as on March 31, 2020:

Name	Designation
Mr. Duruvasan Ramachandra (00223052)	Chairman
Mr. Murali Krishna Tummala (1889806)	Member
Mr. Appa Rao Kancharla (02532842)	Member

Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors present
05.09.2019	3	3

2. REMUNERATION OF DIRECTORS:

- i. **Criteria of making payments to non-executive directors. alternatively, this may be disseminated on the listed entity's website and reference drawn thereto in the annual report;**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors. The said criteria are accordingly derived from the adopted Charter.

The Non-Executive Independent Directors receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- A Non-Executive Independent Director receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non-Executive Director may also receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company in any case.

- ii. **Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made:**

FOR WHOLE TIME DIRECTOR



The total remuneration pursuant to shareholders approval consists of:

A fixed component – consisting of salary and perquisites

(Rs. in Lakhs)

Particulars	Whole time Director
Salaries	18.26
Commission	
Contribution to Provident Fund and Superannuation Fund	
Benefits	
Total	18.26

6. STAKEHOLDERS' GRIEVANCE COMMITTEE:

S. No.	Particulars	Details
1	Name of the Non-Executive Director heading the Committee	Shri Tummala Murali Krishna
2	Name and Designation of Compliance officer	Surya Prakash Mungelkar
3	Number of shareholders' complaints received so far	Nil
4	Number not solved to the satisfaction of shareholders	NA
5	Number of pending complaints.	Nil

7. GENERAL BODY MEETINGS:

(a) Location and time, where last three annual general meetings held;

Financial Year	Location of AGM	Date & Time of AGM
2018-19	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	30 th September, 2019 at 4 :00 PM
2017-18	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	28 th September, 2018 at 4 :00 PM
2016-17	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	29 th September, 2017 at 4 :00 PM

(b) Whether any special resolutions passed in the previous three Annual General Meetings;

Financial Year	Special resolutions Passed at Previous AGM
2018-19 30.09.2019	1. To Appoint Shri Mohan Rao Kancharla (00004288) as Whole- Time Director of the Company . 2.To Re- Appoint Shri Duruvasan R (00223052) as Independent Director .
2017-18 28.09.2018	1. Alteration in the clause no. 3 of the Articles of Association. 2. To review, alter, modify the remuneration including salary, allowances, perquisites, etc., of Shri Mohana Rao Kancharla (00004288), Whole Time Director of the company.
2016-17 29.09.2017	No Special Resolution.

(c) whether any special resolution passed last year through postal ballot – details of voting pattern;

No Such Resolution passed through postal Ballot.

(d) Person who conducted the postal ballot exercise;

Not Applicable

(e) whether any special resolution is proposed to be conducted through postal ballot;

Not Applicable

(f) Procedure for postal ballot.

Not Applicable



8. MEANS OF COMMUNICATION:

(g) Financial Results tentative dates for year 2020-2021

12.08.2020, 13.11.2020, 14.02.2021 and 29.05.2021

(h) Newspapers wherein results normally published;

The quarterly unaudited results and annual audited results are published in Financial Express and in the local newspaper Nava Telangana and are displayed on the website of the Company.

Website, where displayed;

The Company Updates it's the entire official, Business and Investor related information on www.cesltd.com

(i) Whether it also displays official news releases;

It also displays official information on cesltd.com

(j) Presentations made to institutional investors or to the analysts.

The Company has not made any Investor related presentation in the 2019-20, but it has plans to make it in the 2020-2021.

9. GENERAL SHAREHOLDER INFORMATION:

(k) Annual general meeting - Date, Time and Venue;

Annual general meeting to be held on 30.12.2020 at 4: 00 pm at Registered office of the Company at 7th Floor, Tower-A., Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032.

(l) Financial year;

2019-2020

(m) The Name and Address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);

The Company is Listed on two Stock Exchanges;

1. Bombay Stock Exchange

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

2. Ahmedabad Stock Exchange

Kamadhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380015.

We hereby do confirm that we had paid the Annual Listing fees for Bombay Stock Exchange.

(n) Stock code;

Stock code for Bombay Stock Exchange: 512341

Stock Code for Ahmedabad Stock Exchange: 52380

(o) Market price data- high, low during each month in last financial year;

S. No	Month 2019-2020	High	Low
1	April	8.02	8.02
2	May	8.02	8.02
3	June	8.02	8.02
4	July	8.02	8.02
5	August	8.02	8.02
6	September	8.02	8.02
7	October	8.02	8.02
8	November	8.02	8.02
9	December	8.02	8.02
10	January	8.02	8.02
11	February	8.02	8.02
12	March	8.02	8.02

(p) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc;

Shareholders are optimist about the future of the Company and therefore they retain shares with them.

Registrar to an issue and share transfer agents;

Aarthi Consultants Private Limited
1-2-285, Domalguda,
Hyderabad- 500029

ISIN for the Equity Shares: INE396F01013

(q) Share transfer system;

These are taken care by RTA of the Company

(r) Distribution of shareholding;

Distribution of Shareholding as on 31st March, 2020:

SL NO	CATEGORY	HOLDERS	HOLDERS PERCENTAGE	SHARES	AMOUNT	AMOUNT PERCENTAGE
1	1 - 5000	2	7.41	280	2800	0
2	50001 - 100000	1	3.7	8400	84000	0.02
3	100001 & Above	24	88.89	36391320	363913200	99.98
	Total:	27	100	36400000	364000000	100

(s) Demat and Physical Shares;

SL.NO.	PARTICULARS	NO OF SHARES	% OF TOTAL ISSUED CAPITAL
1	Issued Capital	36400000	100
2	Listed Capital	36400000	100
3	Held in Dematerialized form in CDSL	7446320	20.46
4	Held in Dematerialized form in NDSL	23066092	63.37
5	Physical	5887588	16.17
6	Total no. of Shares	36400000	100

(t) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;

The Company do not have any such Securities.

(u) Commodity price risk or foreign exchange risk and hedging activities;

The Company has entered into Hedging Contract with IndusInd bank and ICICI Bank for Foreign Exchange risk.



(v) Office Locations

INDIA

HYDERABAD

Registered Office

7th Floor, Tower-A Ramky
Selenium_Nanakramguda,
Gachibowli,
Hyderabad-500081.
Tel No. (91) 40- 42421122
Fax: (91) 40- 40102456

Branch Office

Plot No.42 Sagar Society
Road No. 2 Banjara Hills
Hyderabad -500034
Tel No. (91) 40- 40407070
Fax: (91) 40- 40102456

CHENNAI

151, Village Road,
Nungambakkam,
Chennai-600034
Tel No. (91) 44- 42326666
Fax: (91) 44- 52146551

Sipcot 8 A, 14 4th
Main Road Sipcot IT park
Siruseri, Chennai- 60310
Tel No. (91) 44 45114302
Fax: (91) 44 45114305

SSPDL Alpha City
First Floor Beta Block No.25,
Rajiv Gandhi Salai, Navalur,
Chennai- 603103

USA

DETROIT

100 W. Kirby St, Suite # 105
Detroit, MI 48202.
Tel No. (313) 887 0832
Fax (313) 887 9452

CHICAGO

235 Remington Blvd Suite # H
Bolingbrook, IL 60440
Tel No. (630) 2968939
Fax: (630) 296 8940

DALLAS

5550 Granite Parkway,
Suite # 120, Plano
TX 75024
Tel No. (214) 677 9234
(214) 677 9300

CANADA

WINDSOR

2679 Howard Avenue
Suite # 524
Windsor, ON NBX 3x2
Tel No. (416) 362 6500
Fax: (416) 362 4855

UAE

DUBAI

SAB Tech Building
First Floor 318th Road, AL Quoz 3
Dubai, UAE
Tel: (971) 4347 5380
Fax: (971) 4347 5379

VISHAKHAPATNAM (NEW CENTER)

Plot No. 8, ITES & ITES SEZ,
Rishikonda Hill No.2
Mahuravada, Vishakhapatnam

Geographical Locations



10. OTHER DISCLOSURES:

- (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;

No Such instance

- (b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;

No Such Penalty was imposed on Company

- (c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

In terms of the requirements of the Companies Act 2013 and SEBI LODR (Regulations) 2015, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The Audit Committee reviews the functioning of the vigil/whistle blower mechanism from time to time. There were no allegations/disclosures/concerns received during the year under review in terms of the vigil mechanism established by the Company.

- (d) web link for material subsidiary

<https://www.cesltd.com/Corporate-Governance/Policy-for-Determining-material-Subsidiary.pdf>

- (e) Web link for related party transactions
<https://www.cesltd.com/Corporate-Governance/policy-on-related-party-transaction.pdf>
- (f) Disclosure of commodity price risks and commodity hedging activities: NA
- (g) During the year the company has not raised any funds through preferential allotment or QIP as specified under Regulation 32 (7A) of listing Regulations.
- (h) Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015 as per **Annexure- IV**
- (I) Details of fees paid by the company and its subsidiaries, on consolidated basis, to the statutory auditor and to all entities in the network firm/network entity of which the statutory auditor is a part is as under:

Type of Service	CES Limited	
	2019-2020	2018-2019
Audit Fee	2,00,000/-	2,00,000/-
Tax Audit Fee	1,00,000/-	1,00,000/-
Others	-	-
Total	3,00,000/-	3,00,000/-

(J Discretionary requirements as specified in Part E of Schedule II have been adopted

(i). The Board

The Company has Non-Executive Chairman and all the expenses incurred by Chariman are borne by the Company.

(ii). Shareholder Rights

The company discloses all event based disclosures to its shareholder from time to time, therefore there is no requirement for separate summary of the significant events in last six-months

(iii). Modified opinion(s) in audit report

There is no modification of opinion by the auditors

(iv). Separate posts of chairperson and chief executive officer

The company has only chairman and no chief executive officer

(v). Reporting of internal auditor



The internal auditor reports directly to the audit committee

(k) Non-compliance of any requirement of corporate governance report of above, with reasons thereof shall be disclosed.

There is no such instance

(L) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 is done and accordingly annual corporate governance 2019-2020, submitted to stock exchange.

(M) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed

There is no such instance

WHOLE TIME DIRECTOR/CFO CERTIFICATION PURSUANT TO REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

DECLARATION SIGNED BY THE WHOLE-TIME DIRECTOR STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT.

**The Board of Directors
CES Limited**

I, Mohana Rao Kancharla, and Srinivasa Raju Kucherlapati, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statements and cash flow statements for the year ended March 31, 2020 and that to the best of our knowledge and belief:**
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) 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.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.**
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:**
 - a) Evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;

- b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and
- c) The steps we have taken or propose to take to rectify these deficiencies

4) We have indicated to the Company's Auditors and the Audit Committee of the Board of Directors:

- a) Significant changes that have occurred in the internal control over financial reporting during the year;
- b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
- c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an Employee having a significant role in the Company's internal control system over financial reporting;
- d) All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's Auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

COMPLIANCE CERTIFICATE FROM EITHER THE AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE SHALL BE ANNEXED WITH THE DIRECTORS' REPORT.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF CES LIMITED

We have examined the compliance of conditions of Corporate Governance by **CES Limited** ("the Company"), for the year ended March 31, 2020, as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period April 1st, 2019 to March 31st, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above- mentioned Listing Agreement/Listing Regulation, as applicable.

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

(Firm Regn No:016016S)

M/s P C N & Associates.

Plot No.12 N Heights Software layout unit,
Cyderabad, Hyderabad - 500 081.

Disclosures with respect to demat suspense account/ unclaimed suspense account

The listed entity shall disclose the following details in its Annual Report, as long as there are shares in the demat suspense account or unclaimed suspense account, as applicable:

- (a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;
Nil
- (b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year;
Nil
- (c) Number of shareholders to whom shares were transferred from suspense account during the year;
Nil
- (d) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;
Nil
- (e) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.
Nil

A certificate from the company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority has been enclosed separately to this report.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year : Nil
- b. number of complaints disposed of during the financial year : NA
- c. number of complaints pending as on end of the financial year : Nil

COMPLIANCE REPORT ON DISCRETIONARY REQUIREMENTS UNDER REGULATION 27(1) OF THE LISTING REGULATIONS**i. The Board:**

Since the Chairperson is an Executive Chairman, the maintenance of Office to the Non-executive Chairperson at the Company's expense is not applicable.

ii. Shareholders' rights: All the quarterly financial results are submitted to the Bombay stock exchange and are simultaneously placed on the website of the Company at: www.cesltd.com apart from publishing the same in the newspapers.

iii. Modified opinion(s) in audit report: There are no modified opinion(s) in the Audit Reports.

iv. Separate posts of Chairperson and Chief Executive Officer: The Company does not have separate persons to the post of chairperson and Chief Executive Officer.

v. Reporting of internal auditor: The Internal auditor reports to the Chairman of the Audit Committee directly

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. PROGRAMMES & PROJECTS



CES Limited presenting Rs. 1,00,000/- cheque to the President of Rotary Club of Banjara Hills towards Terminally Ill Patient Care

Healthcare

Focused on improving healthcare scenario, we support the Saathi Foundation, an NGO fighting against HIV. The NGO works closely with pregnant HIV mothers to ensure the child remains protected. Saathi, an NGO fighting against HIV to prevent spread of disease from mother to child during Pregnancy.

2. Composition of CSR Committee

Name	Designation / Category
Mr. Murali Krishna Tummala (01889806)	Chairman (Independent Director)
Mr. Rama Krishna Sebbineni (01825682)	Member (Non- Executive Director)
Mr. Mohan Kancharla (00004288)	Executive Director

3. Average Profit before Tax for last 3 Financial Years.

Financial Years	Year
2016-17	Rs. 146,693,632
2017-18	Rs. 71,752,825
2018-19	Rs. 82,935,702
Average of previous three years	Rs. 100,460,720

4. CSR Expenditure: Rs.2,010,000/-

5. Details of CSR Spend during the financial year 2019-2020

During the financial year 2019-2020 CES Limited transferred 100 % i.e Rs.2,010,000/- to CES Foundation.

6 Amount if any not spent: Nil

INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(2) The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the financial year 2019-2020.

The Information has been mailed to all the members of the Company, if any of the Stake holders require may send mail on Companies official ID: info@cesltd.com.

(3) The percentage increase in the median remuneration of employees in the financial year 2019-20

15 %

(4) The number of permanent employees on the rolls of Company

The Permanent employees on rolls of the Company were 700 as on 31st March 2020

(5) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

During the financial year 2019-2020 Shri Mohan Rao Kancharla's managerial remuneration was re-appointed after approval of members of the Company in 34th AGM held on 30.09.2019.

(6) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.

There are 51 employees as on 31st March, 2020 who are receiving higher salary than Director.

Affirmation that the remuneration is as per the Remuneration Policy of the Company Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.



Pattern of Shareholding as on 31st March 2020

Category	Number of Shareholders	No. of Shares	% of Share-holding
Promoters	12	27242012	74.84
Public :			
Institutional Investors:			
Mutual Funds & UTI, Banks, Financial Institutions & Others	-	-	-
	-	-	-
Bodies Corporate	-	-	-
Indian Public	15	9157988	25.16
Foreign Nationals/NRIs/ OCBs	-	-	-
Clearing Members	-	-	-
FII's	-	-	-
GRAND TOTAL	27	36400000	100.00

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2020 as envisaged in SEBI LODR (Regulations) 2015 with stock exchanges.

Place: Hyderabad
Date: 05.12.2020

Whole Time Director
December 05th 2020



FORM AOC.1 (Annexure -I)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

(Rs. In Lacs)

S.No.	Particulars	Name of the Subsidiary			
		CES USA Inc.	CES Information Technologies Pvt. Ltd.	CES Technology Services Private Limited	CES Global IT Solutions Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable, as the reporting period is same for all the subsidiaries.			
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD (1USD=75.3859)	INR	INR	INR
3	Share capital	345.90	1.00	1.00	1.00
4	Reserves & surplus	1,120.92	1,459.36	197.03	615.66
5	Total assets	5,418.18	1,645.01	219.34	770.46
6	Total Liabilities	5,418.18	1,645.01	219.34	770.46
7	Investments	-	-	-	-
8	Turnover	14,532.95	2, 157.87	216.64	1,448.74
9	Profit before taxation	641.78	555.26	4.68	232.13
10	Provision for taxation	183.60	125.48	0.28	69.77
11	Profit after taxation	458.18	429.79	4.41	162.36
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	70%	100%	100%



FORM NO. MGT.9 (Annexure-II)

(EXTRACT OF ANNUAL RETURN)

As on the financial year ended on 31st March, 2020 [Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS	
CIN	L55100TG1985PLC045963
Registration Date	10.04.1985
Name of the Company	CES Limited
Category/Sub-Category of the Company	Public Limited Company
Address of the Registered Office	Seventh Floor, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad- 500081.
Whether Listed Company	Yes
Name, address and contact details of Registrar & Transfer Agent (RTA), if any.	Aarthi Consultants Pvt. Ltd, 1-2-285, Domalguda, Hyderabad - 500029, Ph: 040 – 27634445 & Fax No: 040 – 27632184.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
All the business activities contributing 10% or more of the total turnover of the Company shall be stated :-			
Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	IT Enabled Services- BPO/KPO	63999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	CES Information Technologies Private Limited	U72200TG2006PTC049332	Subsidiary Company	70 %	2(87)
2	CES USA Inc.	NA	Subsidiary Company	100%	2(87)
3	CES Technology Services Private Limited	U72200TG2010PTC067406	Subsidiary Company	100%	2(87)
4	CES Global IT Solutions Private Limited	U72200TG2014PTC095431	Subsidiary Company	100 %	2(87)
5.	CES Information Systems Private Limited	U72200TG2001PTC037992	Associate Company	NA	2(6)
6.	Infra Master Private Limited	U70102TG2007PTC052277	Associate Company	NA	2(6)

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


I) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	2859612	-	2859612	7.86	2859612	-	2859612	7.86	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs-Individuals	20882400	-	20882400	57.37	20882400	-	20882400	57.37	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	3500000	3500000	9.62	-	3500000	3500000	9.62	-
Sub-Total(A)(2):									
Total Shareholding of Promoters(A)=(A)(1)+(A2)	23742012	3500000	27242012	74.84	23742012	3500000	27242012	74.84	
B. Public Shareholding									
1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)									

(II) SHAREHOLDING OF PROMOTERS

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)Non-Institutions									
a)Bodies Corporate	-	-	-	-	-	-	-	-	-
i)Indian	-	-	-	-	-	-	-	-	-
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital up to Rs.1 lakh/Rs. 2 lakh	5880	13188	19068	0.05	280	13188	13468	0.04	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs/Rs 2 lakh	6761720	2374400	9136120	25.1	6761720	2374400	9136120	25.1	Nil
C)Others (specify)									
Foreign Nationals	-	-	-	-	-	-	-	-	-
Non-Resident Indians	2800	-	2800	0.01	8400	-	8400	0.02	Nil
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	9157988	9157988	9157988	25.16	9157988	9157988	9157988	25.16	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	6770400	2387588	9157988	25.16	6770400	2387588	9157988	25.16	Nil
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	30512412	5887588	36400000	100	30512412	5887588	36400000	100	Nil



S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr.Ram Kancharla	10280200	28.24	Nil	10280200	28.24	Nil	Nil
2	Mr.Venkat Davarapalli	8838200	24.28	Nil	8838200	24.28	Nil	Nil
3	Mr.Srinivasa Chakravarthy Yalamati	1445612	3.97	Nil	1445612	3.97	Nil	Nil
4	Nidhi Sri Davarpalli Trust	875000	2.4	Nil	875000	2.4	Nil	Nil
5	Nitya Sri Davarpalli Trust	875000	2.4	Nil	875000	2.4	Nil	Nil
6	Sunil Kancharla Irrevocable Trust	875000	2.4	Nil	875000	2.4	Nil	Nil
7	Sai Krishna Kancharla Irrevocable Trust	875000	2.4	Nil	875000	2.4	Nil	Nil
8	Mrs.Sreevani Kancharla	875000	2.4	Nil	875000	2.4	Nil	Nil
9	Mrs.Rama Devi Davarpalli	875000	2.4	Nil	875000	2.4	Nil	Nil
10	Mrs.Yalamati Sujatha	714000	1.96	Nil	714000	1.96	Nil	Nil
11	Mr.Mohan Kancharla	700000	1.92	Nil	700000	1.92	Nil	Nil
12	Mr.Venkata Subba Rao Kancharla	14000	0.04	Nil	14000	0.04	Nil	Nil

(III) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	27242012	74.81	27242012	74.81
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.)	Nil			
3	At the end of the year between 2017-18 and 2018-19	27242012	74.81	27242012	74.81

(IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

S.No.	Name	Shareholding during the year 2018-2019		Shareholding during the year 2019-2020	
		No. of Shares at the beginning /end of the year	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Pokuri Swarnalatha	3165120	8.7	3165120	8.7
2	M. Babu Rao	2010400	5.52	2010400	5.52
3	Maddukuri Hemalatha	1540000	4.23	1540000	4.23
4	Dharma Sastha K	1377600	3.78	1377600	3.78
5	M.S Chowdhary	649600	1.78	649600	1.78
6	V. Kalpana	86800	0.0023	86800	0.0023
7	K. Bhavani	75600	0.00207	75600	0.00207
8	SK Gulzar	72800	0.0020	72800	0.0020
9	K.Padmavathi	67200	0.0018	67200	0.0018
10	N.Nagalakshmi	61600	0.00169	61600	0.00169

(V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.



S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
A	Directors				
1	Mr.Venkat Davarapalli	8838200	24.28	8838200	24.28
2	Mr.Mohan Kancharla	700000	1.92	700000	1.92
3	Mr.Rama Krishna Sabbineni	Nil	Nil	Nil	Nil
4	Mr. Sai Krishna kancharla	Nil	Nil	Nil	Nil
5	Mr.Appa Rao Kancharla	Nil	Nil	Nil	Nil
6.	Mrs. Aruna Krishna Sabbineni	Nil	Nil	Nil	
B	Key Managerial Personnel (KMPs)				
1	Mr.Mohan Kancharla	700000	1.92	700000	1.92
2	Mr.Benarji Mallampati (CFO)	Nil	Nil	Nil	Nil
3	Mr.Surya Prakash Mungelkar	Nil	Nil	Nil	Nil

Note: Apart from the aforesaid Directors, no other Director held any shares in the Company during the year.

V. Indebtedness

(Rs. Lakhs)

Indebtedness of the Company including interest outstanding / accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	138.88	-	-	138.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	138.88	-	-	138.88
Change in Indebtedness during the financial year				
* Additions	-	-	-	-
* Reduction#	138.88	-	-	138.88
Net Change	138.88	-	-	138.88
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. Remuneration of Directors and Key Managerial Personnel

(Rs. Lakhs)

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:		
S.No.	Particulars of Remuneration	Mohan Kancharla Whole time Directors
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	18.26 - -
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as a % of profit	-
	- Others, specify...	-
Total		18.26
Ceiling as per the Act		55.4

B. Remuneration to other Directors:
(Rs.)

S.No.	Particulars of Remuneration	Name of the Director				Total Amount		
		Duruvasan Ramachandra		Murali Krishna Tummala				
1	Fee for attending board / committee meetings	100,000		105,000		2,05,000/-		
2	Commission	Nil		Nil		Nil		
3	Others, please specify	Nil		Nil		Nil		
Total (B1)						2,05,000/-		
Other Non-Executive Directors								
	Name of the Director						Total Amount	
1	Fee for attending board / committee meetings	-	-	-	--	-	-	-
2	Commission	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-
Total (B1)								2,05,000/-
Total (B)=(B1+B2)								-
Total Sitting Fees								2,05,000/-
Total Commission								-
Overall Ceiling as per the Act for payment of commission to Non-Executive Directors								11,10,000/-

C. Remuneration to Key Managerial Personnel Other than MD / Manager/WT
(Rs. Lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bernaji Mallampatti, Chief Financial Officer	Mr. Surya Prakash M Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.43	9.00	30.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as a % of profit	-	-	-
	- Others, specify...	-	-	-
5	Others, please specify.	-	-	-

Note : Shri Benarji Mallapati resigned as on 24.11.2020



VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fees Imposed.	Authority (RD/NCLD/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					



ANNEXURE –III (Secretarial Audit Report)

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

To,
The Members,
CES Limited
Seventh Floor, Tower-A,
Ramky Selenium Building,
Nanakramguda, Gachibowli
Telangana - 500032

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. CES Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

1. Other Laws applicable to the Company;

- i. Employee State Insurance Act, 1948
- ii. Equal Remuneration Act, 1976
- iii. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
- iv. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
- v. The Payment of Gratuity Act, 1972
- vi. The Maternity Benefits Act, 1961
- vii. The Income Tax Act, 1961
- viii. Shops and Establishments Act, 1948
- ix. The Finance Act, 1994

I have also examined compliance with the applicable Listing Agreement clause for the following;

- I. The SEBI (LODR) Regulations, 2015 entered into by the Company with Bombay Stock Exchange;
- II. The Company's main business is into IT enabled services and to ancillary services thereto.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- 1) The Company increased stake in CES Technology Services Private Limited from 98.5 % to 100 % Equity.
- 2) The Company increased stake in CES Global IT Solutions Private Limited from 70 % to 100 % Equity.
- 3) Pursuant to Regulation 31(2) of SEBI (LODR) Regulation 2015, 100 % Promoter holding to be in dematerialized account, but it is notice that 3500000 shares of promoter holding is in Physical Shares.
- 4) The Promoters are Foreign Trusts and it was informed by the Company, that Foreign Trusts approached many brokerage firms and non-have accepted open demat account.

I had also examined compliance with the applicable clauses of

- The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE Limited)
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015);
- The Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 & SS-2).
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.



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

I further report that I have not examined the books, papers, minute books, forms and returns filed and other records maintained by subsidiaries and associates companies of M/s. **CES Limited** for the financial year ended on March 31, 2019.

I further report that for the purpose of the Income Tax Act, 1961 and rules made thereon, I have relied on the audit report issued by the statutory auditor of the Company. My examination in respect of the same is based solely on reports of the statutory auditor.

UDIN : A021717B000355270

Sd/-

Putcha Sharada

Practicing Company Secretary

ACS No. 21717

CP No. 8735

Place: Hyderabad

Date: 19.06.2020

This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Enclosed:

Annexure A



Annexure A

To
The Members
M/s. CES Limited

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

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

For Sharada Putcha
Company Secretary in practice
Sharada Putcha
M. No.: 21717
C.P. No.: 8735

June 19, 2020
Hyderabad



**SECRETARIAL COMPLIANCE REPORT
OF
M/s. CES LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2020**

I, **Sarada Putcha**, Company Secretaries, Hyderabad has examined:

- (a) All the documents and records made available to me and explanation provided by **M/s. CES LIMITED (CIN: L55100TG1985PLC045963)** listed entity.
- (b) the filings/submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March 2020 (Review period) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
 - (h) Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015;
 - (i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and circulars/ guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period;
- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 31(2) of SEBI (LODR) 2015	35, 00,000 promoter shares are physical mode.	100 % promoter shareholding to be into dematerialise form, but 35, 00,000 promoter shares are into physical mode

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:-

Sr. No.	Action taken by	Details of violation	Details of action taken Eg. Fines, warning letter, debarment, etc;	Observations/ remarks of the Practicing Company Secretary, if any
NIL	NIL	NIL	NIL	NIL

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the Secretarial Compliance Report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	35,00,000 promoter shares are in physical mode.	35,00,000 promoter shares are in physical mode	The Company has intimated the Promoters and frequently following up for Conversion of shares into demat.	The Promoters are Foreign Trusts from US. The Shareholders informed the company, they have approached many brokerage firms, but none has accepted to open Demat Account for for Foreign Trusts.

UDIN : A0217178000311921

Date: 03-06-2020
Place: Hyderabad

Sarada Putcha
Company Secretaries
ACS No: 21717



C. P. No.: 8735

ANNEXURE –IV

CERTIFICATE UNDER SCHEDULE V(C)(10)(I) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), 2015

To
The Members,
CES Limited
Hyderabad.

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, Sharada Putcha , Practicing Company Secretary have examined the Company and Registrar of Companies records, books and papers of CES Limited (CIN: L55100TG1985PLC045963) having its Registered office at **7th Floor, Tower-A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad - 500 032**, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2020. In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020:

List of Director of the Company as on 31st March, 2020:

S. No.	DIN No.	Name of the Director	Designation
1	1889806	Murali Krishna Tummala	Chairman and Independent Director
2	00223052	Duruvasan R	Independent Director
3	00004288	Mohana Rao Kancharla	Whole –Time Director
4	06997005	Aruna Krishna Sabbineni	Director
5	02532842	Appa Rao Kancharla	Alternate Director of Sai Krishna Kancharla
6	01825682	Rama Krishna Sebbineni	Alternate Director of Venkat Davarapalli
7	07775575	Sai Krishna Kancharla	Director
8	00028498	Venkat Davarapalli	Director

Note: Shri Appa Rao Kancharla Passed away on 27.11.2020

UDIN No. : A021717B000311921

For Sharada Putcha
Company Secretary in practice
Sharada Putcha
M. No.: 21717
C.P. No.: 8735



ANNEXURE – V

E- VOTING INSTRUCTIONS DETAILS

- (i) The voting period begins on <10 :00 AM at 27.12.2020> and ends on <5 :00 Pm at 29.12.2020 >. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date is 23.12. 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

	<ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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



- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.

2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.

3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; surya.mungelkar@cesltd.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of

CES Limited

Opinion

We have audited the accompanying consolidated financial statements of M/s. **CES Limited** ("the Holding Company"), and its subsidiaries together referred to as "the Group" comprising the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including other comprehensive income) and Consolidated Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the group as at March 31, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- a) As per Audited Financial Statements of CES Limited LLC (Branch Office), the holding company has changed its method of accounting for revenue recognition in 2019 due to the adoption of Financial Accounting Standards Board's Accounting Standard Codification Topic 606 Revenue from Contracts with Customers.
- b) As per Audited Financial Statements of CES USA LLC which is a subsidiary to the company, During the year ended march 31, 2019, CES USA,Inc. and affiliates acquired a membership interest in Ample IT Services, LLC and determined to treat Ample IT Services, LLC as an equity investment for year ended march 31, 2019.

- c) As per Audited Financial Statements of CES USA LLC which is a subsidiary to the company, the subsidiary company has changed its method of Accounting for revenue recognition in 2019 due to the adoption of Financial Accounting Standards Board's Accounting Standard Codification Topic 606 Revenue from Contracts with Customers.

Our conclusion is not modified with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') 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 principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with Relevant Rules issued there under. The Board of Directors of the respective company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter Paragraph

The Consolidated Financial Statements include the Audited Financial Statements of four Subsidiaries, whose Financial Statements reflect Group's share of total assets before elimination of Rs. 8,052.99 lakhs as at 31st March 2020, Groups share of total revenue of Rs.18,403.47 Lakhs and Group's share of total comprehensive income of Rs. 1,045.6 Lakhs for the year ended on that date, as considered in the standalone Financial Statements. The financial statements and financial information of these subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of such other auditors.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditors and the financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our Examination of those books and the reports of the other auditors;
 - c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.

- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2020, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has no pending litigations which would impact on its financial position.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.

**For P C N & Associates,
Chartered Accountants
Firm's Registration No: 016016S**

**M Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAAHB2375**

**Place: Hyderabad
Date: 05.12.2020**

Annexure A to the Independent Auditor's Report**Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')****Opinion**

In conjunction with our Audit of the consolidated financial statements of the company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of **CES Limited** ('the Holding company') and its subsidiary companies which are incorporated in India, as of the date.

In our opinion, The holding Company and its subsidiary companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its subsidiary companies, which are incorporated in India based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting of the company and its subsidiary companies, which are incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

**For P C N & Associates,
Chartered Accountants
Firm's Registration No: 016016S**

**M Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAHB2375**

**Place: Hyderabad
Date: 05.12.2020**



CES LIMITED

Consolidated Balance Sheet as at 31st, March 2020

Particulars	Note No	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
ASSETS:			
1 Non-Current Assets:			
(a) Property, Plant and Equipment	1	45,09,41,021	53,95,74,746
(b) Capital Work-in-progress		25,37,457	23,59,892
(c) Goodwill		13,86,83,291	7,29,53,440
(d) Good will on Consolidation		6,55,48,978	4,95,60,478
(e) Financial Assets:			
(i) Other Financial Assets	2	1,32,46,433	1,08,96,903
(f) Deferred Tax Asset		5,04,034	
2 Current Assets:			
(a) Financial Assets:			
(i) Trade Receivables	3	38,68,16,031	35,35,22,841
(ii) Cash and Cash Equivalents	4	25,09,54,021	24,06,72,271
(iii) Loans	5	36,61,71,364	19,60,51,429
(b) Other Current Assets	6	6,86,84,957	17,08,67,008
Total		1,74,40,87,588	1,63,64,59,008
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	7	36,40,00,000	36,40,00,000
(b) Other Equity	8	62,63,23,068	45,40,02,641
(c) Non Controlling interest	8	5,05,84,027	5,89,35,500
Liabilities			
1 Non-Current Liabilities			
(a) Financial Liabilities:			
(i) Borrowings	9	55,57,742	63,96,572
(b) Provisions	10	3,49,02,385	2,41,45,455
(c) Deferred Tax Liabilities (Net)	11	1,83,31,976	3,21,64,434
2 Current Liabilities			
(a) Financial Liabilities:			
(i) Trade Payables	12	7,81,94,110	6,63,59,754
(b) Other Current Liabilities	13	46,95,90,597	50,25,26,565
(c) Provisions	14	9,66,03,683	12,79,28,085
Total		1,74,40,87,588	1,63,64,59,008

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
Chartered Accountants
Firm Regn. No: 016016S

For and on behalf of the Board
CES Limited

M.Naveen
Partner
M.No. 237316

Sd/-
Mohana Rao Kancharla
Director

Sd/-
Rama Krishna Sabbineni
Director

Place : Hyderabad
Date : 05.12.2020

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



CES LIMITED

Consolidated Statement of Profit and Loss for the Year ended 31st March 2020

Particulars	Note No	Consolidated 31-03-2020	Consolidated 31-03-2019
		(Rs.)	(Rs.)
I. Revenue from Operations	15	2,78,27,32,059	2,46,47,62,045
II. Other Income	16	1,29,38,973	3,18,30,350
III. Total Income (I +II)		2,79,56,71,031	2,49,65,92,395
IV. Expenses:			
Employee Benefits expense	17	1,84,94,75,101	1,70,73,65,681
Finance costs	18	38,74,514	68,19,856
Depreciation and amortization expense	1	8,26,47,240	7,27,26,171
Other Expenses	19	60,55,40,485	52,19,67,753
IV. Total Expenses		2,54,15,37,340	2,30,88,79,461
V. Profit/(Loss) before exceptional items and tax (III - IV)		25,41,33,692	18,77,12,934
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		25,41,33,692	18,77,12,934
VIII. Tax expense:			
(1) Current tax		6,01,59,025	4,63,68,360
(2) Deferred tax		(61,37,531)	1,51,45,608
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		20,01,12,198	12,61,98,966
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		6,77,974	6,78,188
(ii) Actuarial loss on defined benefit plans reconginised in accordance with Ind AS 19.		1,15,95,308	89,71,804
Total Comprehensive Income for the period		18,78,38,916	11,65,48,974
XI. Attributable to			
Shareholders of the Company		16,85,76,981	
Non-Controlling Interests		1,96,66,862	
XII. Earnings per equity share (for continuing operation):			
(1) Basic		5.50	3.47
(2) Diluted		5.50	3.47

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
Chartered Accountants
Firm Regn. No: 016016S

For and on behalf of the Board
CES Limited

M.Naveen
Partner
M.No. 237316

Sd/-
Mohana Rao Kancharla
Director

Sd/-
Rama Krishna Sabbineni
Director

Place : Hyderabad
Date : 05.12.2020

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



CES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Year Ended 31-03-2020 (Rs.)	Year Ended 31-03-2019 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	25,41,33,692	18,77,12,934
Adjustments for:		
Interest	38,74,514	68,19,856
Depreciation	8,26,47,240	7,27,26,171
Comprehensive income for the year	1,22,73,282	96,49,992
Operating Profit before working capital changes	35,29,28,728	27,69,08,953
Adjustments for:		
Trade and other receivables	(3,34,71,930)	(29,99,568)
Short Term Loans and Advances	(18,87,87,174)	2,31,07,338
Other Current Liabilities	(9,92,04,179)	29,75,51,637
Short Term provisions	(2,45,97,155)	(14,32,79,774)
Trade payables	1,20,13,097	(71,11,458)
Other Current assets	12,08,49,290	(6,43,53,549)
Cash generated from operations	13,97,30,677	37,98,23,579
Direct taxes	(6,01,59,025)	(6,15,13,968)
Cash flow before extraordinary items	7,95,71,652	31,83,09,611
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	7,95,71,652	31,83,09,611
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(7,29,83,958)	(19,54,47,708)
Sale/ Adjustment of Assets		9,30,79,915
Proceeds from other financial assets	(23,49,530)	(4,28,970)
Repayment of Loan	(8,38,830)	(9,53,15,646)
Investment in Non-Current Investments	-	-
Net Cash Used In Investing Activities	(7,61,72,318)	(19,81,12,409)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(38,74,514)	(68,19,856)
Long Term Liabilities		-
Long Term Provisions	1,07,56,930	71,85,935
Long Term Loans and Other Financial Assets	-	-
Net Cash Flow From Financing Activities	68,82,416	3,66,079
NET INCREASE\ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,02,81,750	12,05,63,281
Cash and Cash equivalents (Opening Balance)	24,06,72,271	12,01,08,992
Cash and Cash equivalents (Closing Balance)	25,09,54,021	24,06,72,271

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,

Chartered Accountants

Firm Regn. No: 007257S

For and on behalf of the Board

CES Limited

M.Naveen

Partner

M.No. 237316

Sd/-

Mohana Rao Kancharla Rama Krishna Sabbieni

Director

Director

Place : Hyderabad.

Date : 05.12.2020

Sd/-

Chief Financial Officer

Sd/-

Company Secretary



CES LIMITED

Statement of Changes in Equity for the period ended 31st March 2018 and 2017

A. EQUITY SHARECAPITAL:

Balance as at 1st April 2016	Changes in Equity Capital during the year	Balance as at 31st March 2017
1,30,00,000	-	1,30,00,000

Balance as at 1st April 2017	Changes in Equity Capital during the year	Balance as at 31st March 2018
1,30,00,000	-	1,30,00,000

B. OTHER EQUITY:

Particulars	RESERVES AND SURPLUS				Exchange differences on translating the financial statements	TOTAL (Rs.)
	Capital Reserve	General Reserve	Surplus in Statement of P & L	Retained Earnings		
Balance at the beginning of the reporting period as at 1st April 2016	8,70,00,000	4,56,88,367	-	35,66,99,507	2,99,50,144	51,93,38,018
Restated balance at the beginning of the reporting period	8,70,00,000	4,56,88,367	-	35,66,99,507	2,99,50,144	51,93,38,018
Total comprehensive Income for the Year	-	-	14,64,85,635	-	-	14,64,85,635
Transfer to General Reserve	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	(14,64,85,635)	14,64,85,635	-	-
Balance at the end of the reporting period as at 31st March 2017.	8,70,00,000	4,56,88,367	-	50,31,85,142	6,53,58,716	70,12,32,225
Balance at the beginning of the reporting period as at 1st April 2017	8,70,00,000	4,56,88,367	-	50,31,85,142	6,53,58,716	70,12,32,225
Restated balance at the beginning of the reporting period	8,70,00,000	4,56,88,367	-	50,31,85,142	6,53,58,716	70,12,32,225
Total comprehensive Income for the Year	-	-	8,46,17,257	-	-	8,46,17,257
Transfer to General Reserve	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	(8,46,17,257)	8,46,17,257	-	-
Balance at the end of the reporting period as at 31st March 2018.	8,70,00,000	4,56,88,367	-	58,78,02,399	2,60,84,912	74,65,75,678



CES LIMITED

NOTE NO.1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2020

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2020	Net Block as on 31.03.2019
		As on 01.04.2019	Additions during the Year	Deletions during the Year	As on 31.03.2020	Dep. As on 01.04.2019	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	PROPERTY, PLANT AND EQUIPMENT:										
1	BUILDINGS (HYDERABAD)	25,34,24,246	-	-	25,34,24,246	1,40,66,893	-	40,09,804	1,80,76,697	23,53,47,549	23,93,57,353
2	COMPUTERS & SOFTWARE	27,34,81,749	26,70,122	1,30,36,786	26,31,15,085	19,19,37,728	58,266	5,54,62,935	24,73,42,397	1,57,72,688	8,15,44,021
3	OFFICE EQUIPMENT	6,80,90,585	15,33,575	313	6,96,23,847	3,31,03,066	313	1,08,48,167	4,39,50,920	2,56,72,920	3,49,87,519
4	FURNITURE AND FIXTURES	8,11,56,792	-	-	8,11,56,792	2,00,04,372	-	69,75,787	2,69,80,159	5,41,76,633	6,11,52,420
5	MOTOR VEHICLES	55,50,912	-	-	55,50,912	39,89,583	-	5,07,912	44,97,495	10,53,417	15,61,329
6	LEASE HOLD LAND (SIPCOT)	25,04,250	-	-	25,04,250	3,37,271	-	25,290	3,62,561	21,41,689	21,66,979
7	BUILDING (SIPCOT)	3,13,46,107	-	-	3,13,46,107	40,45,525	-	4,88,588	45,34,113	2,68,11,994	2,73,00,582
8	BUILDINGS (VIZAG) - BLOCK 1	9,30,79,915	-	84,500	9,29,95,415	11,05,576		14,72,757	25,78,333	9,04,17,082	9,19,74,339
	INTANGIBLE ASSETS:										
1	GOODWILL	8,68,02,107	6,86,02,696	-	15,54,04,803	1,43,18,463	-	28,56,000	1,71,74,463	13,82,30,340	7,24,83,644
	CAPITAL WORK IN PROGRESS										
1	BUILDINGS (VIZAG) - BLOCK 2	23,59,892	1,77,565	-	25,37,457	-	-		-	25,37,457	23,59,892
	TOTAL	89,77,96,555	7,29,83,958	1,31,21,599	95,76,58,914	28,29,08,477	-	8,26,47,240	36,54,97,138	59,21,61,769	61,48,88,078
	PREVIOUS YEAR	79,54,28,762	19,54,47,708		89,77,96,555	21,01,82,306	-	7,27,26,171	28,29,08,477	61,48,88,078	58,51,46,456

CES LIMITED

Notes to Financial Statements for the Year ended 31st March, 2020

NOTE NO. 2 : LOANS-NON CURRENT

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Other Financial Assets: Security Deposit Secured, Considered Good	1,32,46,433	1,08,96,903
	Total Loans	1,32,46,433	1,08,96,903

NOTE NO. 3 : TRADE RECEIVABLES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Unsecured, Considered Good	38,69,94,771	35,35,22,841
	Less: Allowance for Doubtful Debts	-	-
	Total Trade Receivables	38,69,94,771	35,35,22,840

NOTE NO. 4 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	20,36,95,425	23,22,25,317
	2) Bank deposits with more than 12 months maturity	-	-
	3) Bank deposits with less than 12 months maturity	4,70,48,000	82,88,115
	b) Cash on hand	2,10,596	1,58,839
	Total Cash and Cash Equivalents	25,09,54,021	24,06,72,271

NOTE NO. 5 : LOANS - CURRENT

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Unsecured, Considered Good		
	Loans and Advances to Employees	4,81,479	52,55,616
	Prepaid Expenses	2,10,35,195	98,25,925
	Advance for Expenses	52,646	17,04,471
	GST Input Credit	5,99,34,735	5,38,25,140
	Advance for Immovable Property	-	-
	Advance Tax and TDS Receivable	8,50,26,700	8,33,27,875
	Other Advances	19,96,40,609	4,21,12,402
	Total Loans and Advances	36,61,71,364	19,60,51,429

NOTE NO. 6 : OTHER CURRENT ASSETS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	33,29,555	28,20,906
	Other Current Assets	6,53,55,402	16,80,46,102
	Total Other Current Assets	6,86,84,957	17,08,67,008

CES LIMITED

CES Limited

Notes to Financial Statements for the year ended 31st March, 2020

NOTE NO. 7 : EQUITY SHARE CAPITAL

S.No.	Particulars	Lim Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Equity Share Capital		
	(a) Authorised		
	(3,65,00,000 Shares of 10/- each Current Year)		-
	(3,65,00,000 Shares of 10/- each Previous Year)	36,50,00,000	36,50,00,000
		36,50,00,000	36,50,00,000
	(b) Issued		
	[3,64,00,000 Shares of 10/- each Current Year		-
	(3,64,00,000 Shares of 10/- each Previous Year)	36,40,00,000	36,40,00,000
	(c) Subscribed & Fully Paid Up		
	[3,64,00,000 Shares of 10/- each Current Year		
	(3,64,00,000 Shares of 10/- each Previous Year)	36,40,00,000	36,40,00,000
	Total Equity Share capital	36,40,00,000	36,40,00,000
II	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of Rs.10Each, Fully paid up		
	At the Beginning	3,64,00,000	13,00,000
	Issued during the year	-	3,51,00,000
	At the end	3,64,00,000	3,64,00,000
III	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of Rs. 10 each Held By		
	Ram Kancharla -10,280,200 Shares (C.Y) ... 10,280,200 Shares (P.Y)	28.24	28.24
	Venkateswara Rao.D - 8,838,200 Shares (C.Y) ...8,838,200 Shares (P.Y)	24.28	24.28
	Pokuri Swarnalatha -3,165,120 Shares (C.Y) ...3,165,120 Shares (P.Y)	8.70	8.70
	M.Babu Rao - 2,010,400 Shares (C.Y) ... 2,010,400 Shares (P.Y)	5.52	5.52

NOTE NO. 8 : OTHER EQUITY

S. No.	Particulars	Lim Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	RESERVES AND SURPLUS		
	a) General Reserves		
	As at the commencement of the year	4,56,88,367	4,56,88,367
		4,56,88,367	4,56,88,367
	b) Capital Reserve (Sharewarrants forfeited)	8,70,00,000	8,70,00,000
	c) Retained Earnings :		
	i) Opening Balance - Profit and Loss Account	32,24,34,208	58,66,76,898
	Add: Transfer from Profit & Loss Account	16,85,76,981	11,65,48,974
	Less: Transfer for Issue of Bonus Shares	-	35,10,00,000
		49,10,11,189	35,22,25,872
	Translation Adjustment	26,23,512	2,80,23,902
	Total Other Equity	62,63,23,068	51,29,38,141
	Minority Interest	5,05,84,027	5,89,35,500

NOTE NO. 9 : BORROWINGS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Term Loans:		
	a) Term Loans from Banks :		
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	-	42,12,143
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	-	-
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	-	-
	b) Other Loans	55,57,742	21,84,430
	Total Borrowings	55,57,742	63,96,574

NOTE NO. 10 : PROVISIONS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	3,49,02,385	2,41,45,455
	Total Provisions	3,49,02,385	2,41,45,455

NOTE NO. 11: DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	2,71,99,345	2,55,44,209
	Add:		
	Deferred Tax Liability for the year	-	1,56,44,763
	Gross Deferred tax Liability	2,71,99,345	4,11,88,972
	Opening Deferred tax Asset	86,76,433	86,76,433
	Add: Deferred Tax Asset for the year	56,18,721	3,48,105
	Gross Deferred tax Asset	1,42,95,154	90,24,538
	Deferred Tax Liability/ (Asset) - Net	1,29,04,191	3,21,64,434

NOTE NO. 12 : TRADE PAYABLES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	a) Trade Payables	7,83,72,851	6,63,59,754
	Total Trade Payables	7,83,72,851	6,63,59,754

NOTE NO. 13 : OTHER CURRENT LIABILITIES

S.No.	Particulars	Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	-	96,76,192
II	Statutory Liabilities		
	TDS Payable	80,97,616	63,71,729
	Swacha Bharat Cess Payable	-	-
	Service Tax Payable	-	-
	GST Payable	5,85,155	66,566
	Professional Tax Payable	2,86,483	1,56,358
III	Other Liabilities	45,54,82,528	48,62,55,720
IV	Loan from related parties	-	-
V	Advance received from Customers	51,38,816	-
	Total Other Current Liabilities	46,95,90,597	50,25,26,565



NOTE NO. 14 : PROVISIONS

S.No.	Particulars	Lim Consolidated	Consolidated
		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	99,42,714	4,75,30,158
	ESI Payable	1,33,454	1,91,202
	PF Payable	19,18,450	22,84,292
		1,19,94,618	5,00,05,652
	b) Others		
	Provision for Income Tax	4,57,37,443	4,55,13,971
	Consultancy Charges Payable	3,01,84,189	2,84,47,247
	Audit Fee Payable	4,23,250	9,61,154
	Other Provisions	82,64,183	30,00,061
		8,46,09,065	7,79,22,434
	Total Provisions	9,66,03,683	12,79,28,085

CES LIMITED
Notes to Financial Statements for the year ended 31st March, 2020
NOTE NO. 15 : REVENUE FROM OPERATIONS

S.No.	Particulars	Consolidated 31-03-2020 (Rs.)	Consolidated 31-03-2019 (Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	3,60,000	41,61,713
	Export Sales	2,78,23,72,059	2,46,06,00,332
	Total Revenue from Operations	2,78,27,32,059	2,46,47,62,045

NOTE NO. 16 : OTHER INCOME

S.No.	Particulars	Consolidated 31-03-2020	Consolidated 31-03-2019
I	(a) Interest income	43,71,210	29,14,938
	(b) Rental Income	69,10,566	2,18,09,138
	(c) Other Income	16,57,196	71,06,275
	Total Other Income	1,29,38,973	3,18,30,350

NOTE NO. 17 : EMPLOYEE BENEFITS EXPENSE

S.No.	Particulars	Consolidated 31-03-2020 (Rs.)	Consolidated 31-03-2019 (Rs.)
I	(a) Salaries & Wages	1,81,58,44,137	1,67,50,50,932
	(b) Contribution to Provident & Other Funds	1,57,20,712	1,61,15,717
	(c) Staff Welfare Expenses	1,79,10,253	1,61,99,032
	Total Employee Benefit Expenses	1,84,94,75,101	1,70,73,65,681

NOTE NO. 18 : FINANCE COSTS

S.No.	Particulars	Consolidated 31-03-2020	Consolidated 31-03-2019
I	(a) Interest Expenses	-	-
	- Interest on Vehicle Loan	5,108	34,335
	- Interest on Term Loan	5,97,836	41,27,234
	- Other Finance Costs	32,71,570	26,58,286
	Total Finance Cost	38,74,514	68,19,856

NOTE NO. 19 : OTHER EXPENSES

S.No.	Particulars	Consolidated 31-03-2020	Consolidated 31-03-2019
		(Rs.)	(Rs.)
I	(a) Electricity Charges	1,94,71,863	1,83,39,928
	(b) Rent	2,13,88,987	3,47,07,259
	(c) Repairs to Buildings and Equipments	24,22,752	4,24,752
	(d) Insurance	1,16,23,352	96,63,924
	(a) Telephone, Postage and Others	87,64,842	1,10,29,661
	(b) Advertisement Expenses	51,677	53,180
	(c) Conveyance & Travelling Expenses	4,25,92,993	3,96,70,400
	(d) CSR Expenditure	20,10,000	22,64,000
	(e) Office Maintenance	2,25,34,391	1,94,01,417
	(f) Printing & Stationery Expenses/Subscriptions	68,39,076	47,55,413
	(g) Security Charges	42,44,103	33,20,560
	(h) Rates & Taxes (excluding Income Tax)	69,17,011	96,63,071
	(i) Computer Hire Charges	1,57,58,210	1,37,32,707
	(j) Professional and Consultancy fee	7,98,01,296	4,90,41,306
	(k) Job Portal Expenses	1,13,52,024	1,19,61,359
	(l) Outside Consultancy Fees	21,28,73,463	16,85,86,810
	(k) Bank Charges	3,00,683	13,62,477
	(l) Expected Credit Losses	-	-
	(m) Taxes of earlier Years	82,403	2,91,583
	(n) Software Supplies	21,31,882	-
	(o) Other operating expenses	14,06,23,496	11,39,19,203
	(p) Bad debts	-	-
	(p) Exchange gain/loss	(66,46,018)	93,76,743
	(q) Payment to Auditors:		
	(i) As Auditor	4,02,000	4,02,000
Total Other Expenses		60,55,40,485	52,19,67,753

SIGNIFICANT ACCOUNTING POLICIES

20. Company overview

CES LIMITED together with its subsidiaries (Collectively “the Company”) is an Information Technology (IT) and Information Technology Enabled Services (ITES) provider, dedicated to serving the midsize market of global enterprises.

21. Significant accounting policies

21.1 Basis of preparation of financial statements

(i) Compliance with Ind AS

These Consolidated Financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013 and other relevant provisions of the Act.

(ii) Historical Cost Convention.

These Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Defined Benefit Plans – Plan assets measured at fair value.

21.1a Principles of Consolidation:

The consolidated financial statements have been prepared on the following basis:

The consolidated financial statements include the financial statements of CES Limited and its subsidiaries CES USA Inc. (Wholly owned subsidiary), CES Information Technologies Private Limited (70% owned), CES Technology Services Private Limited (Wholly owned subsidiary), CES Global IT Solutions Private Limited (Wholly owned subsidiary). The financial statements of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all intercompany balances/transactions.

Minority interest in the net assets of consolidated subsidiaries is the amount of equity attributable to the minorities at the dates on which investment in a subsidiary is made and the minority's share of movements in equity since the date of parent subsidiary relationship came into existence.

21.2 Use of estimates

The preparation of the financial statements in conformity with the recognition and measurement principles of Ind AS require the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful

debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

21.3 Revenue recognition

Income from software services and products: Revenue from professional services consist primarily of revenue earned from services performed on a "time and material" basis. The related revenue is recognized as and when the services are performed. The Company also performs time bound fixed-price engagements, under which revenue is recognized using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts requiring significant implementation services, where revenue is recognized as per the percentage of completion method.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

21.4 Fixed Assets

Tangible assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation

In respect of fixed assets (Other than freehold land and capital work-in-progress) acquired during the year, depreciation/amortization is charged on straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

21.5 Foreign Currency transactions and translation

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

21.6 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

21.7 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

21.8 Retirement benefits to employees

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees, based on actuarial valuation made by an independent actuary as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

Provident Fund/ESI

Contributions to defined Schemes such as Provident Fund/ESI are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

21.9 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

21.10 Segment Accounting Policies**(a) Segment Assets and Liabilities:**

The assets of the Company are used interchangeably between segments, and hence the assets and liabilities of the Company are currently treated as inseparable.

(b) Segment Revenue and Expense:

The Revenue and direct cost (including the payroll cost of all the employees and consultants which can be attributed to the revenue), excepting the unallocable costs like personnel cost for the supporting services, depreciation, operating expenditure, interest income on deposits, provision for contingencies and income tax, are directly attributed to the respective segments.

21.11 Provision and Contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the

obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to Consolidated Financial Statements for the year ended 31st March, 2020:
22. Related Party Transactions:

During the current financial year, the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

SL. No	Name of the Related Party	Nature of Relation	Nature of Transaction	2019-20	2018-19
1	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs.1,826,144 /-	Rs.1,294,000/-
2	Mr.Benarji Mallampati	CFO	Remuneration	Rs.2,143,808 /-	Rs. 2,013,000/-
3	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 900,155/-	Rs. 1,032,000/-

23 There are no dues to SSI units outstanding for more than 45 days.

24 The Companies operations predominantly relate to providing IT Services in two primary business segments viz. IT Services and IT Enabled Services (ITES). The Company considers the business segment as the Primary Segment and Geographical Segment based on the location of the customers as the Secondary Segment. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income. The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

BUSINESS SEGMENTS:

(Rs. In Lacs)

Profit and Loss Statements for the year ended 31st March, 2020	IT Services	IT Enabled Services	Total
Revenues	5,714.21	22,113.12	27,827.32
Direct Expenses	3,432.53	15,062.22	18,494.75
Gross Income			9,332.57
Less: Un-allocated Expenses			6,920.62
Add: Interest Income			129.39
Net Profit Before Taxes			2,541.34
Income Taxes			540.21
Net Profit After Taxes			2,001.13

GEOGRAPHICAL SEGMENTS:

Profit and Loss Statements for the year ended 31st March, 2020.	USA	DOMESTIC	Total
Revenues	27,755.76	71.56	27,827.32
Direct Expenses	18,442.03	52.72	18,494.75
Gross Income			9,332.57
Less: Un-allocated Expenses			6,920.62
Add: Interest Income			129.39
Net Profit Before Taxes			2,541.34
Income Taxes			540.21
Net Profit After Taxes			2,001.13

25 Statement of Net Assets and Profit or Loss attributable to owners and Minority Interest:

Name of the Entity	Net Assets, i.e Total assets minus Total Liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount (Rs. Lacs)	As % of Consolidated Profit or Loss	Amount (Rs. Lacs)
CES Limited	66.12	7,016.10	44.34	832.79
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.	13.76	1,460.36	22.88	429.79
CES Global IT Solutions Pvt. Ltd.	5.81	616.66	8.64	162.36
CES Technology Services Pvt. Ltd.	1.87	198.03	0.23	4.41
Foreign Subsidiaries:				
CES USA Inc.	15.73	1669.51	23.91	449.05
TOTAL		10,960.66		1878.39
Adjustments arising out of consolidation		(348.9)		(192.62)
Minority Interest				
i) Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.		(438.11)		(128.94)
CES Global IT Solutions Pvt. Ltd.		-		-
CES Technology Services Pvt. Ltd.		-		-
ii) Foreign Subsidiary:				
CES USA Inc.		(63.68)		(63.68)
Consolidated Net Assets/Profit after Tax		10,109.97		1685.77

26 Calculation of EPS as per the Ind AS - 33 for the year ending 31st March, 2020.

	<u>Rs.</u>
Profit available to the equity shareholders	200,112,198/-
Weighted average number of shares outstanding	36,400,000
Basic Earnings per Share	5.50
Diluted Earnings per Share	5.50



27 The figures have been rounded off to the nearest rupee.

SIGNATURE TO NOTES 1 To 27

**As per our report of even date
For P C N & Associates,
Chartered Accountants
Firm Registration No. 016016S**

**M.Naveen
Partner
Membership No. 237316**

**Place: Hyderabad
Date : 05.12.2020**

**For and on behalf of the Board of Directors of
CES LIMITED**

**Sd/-
Mohana Rao Kancharla
Director**

**Sd/-
Chief Financial officer**

**Sd/-
Rama Krishna Sabbineni
Director**

**Sd/-
Company Secretary**

INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

To the members of

CES Limited

Opinion

We have audited the financial statements of **CES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including other comprehensive income) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2020, and Profit and other comprehensive income ,changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As per Audited Financial Statements of CES Limited LLC, the company has changed its method of accounting for revenue recognition in 2019 due to the adoption of Financial Accounting Standards Board's Accounting Standard Codification Topic 606 Revenue from Contracts with Customers. Our conclusion is not modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For P C N & Associates
Chartered Accountants
Firm’s Registration No: 016016S

M. Naveen
Partner
Membership No:237316
UDIN: 20237316AAAADR1455

Place: Hyderabad
Date: 29-06-2020

Annexure A to the Auditor's Report

Annexure referred to in paragraph 1 of Our Report of even date to the members of M/s. CES Limited on the accounts of the company for the year ended 31st March, 2020 Under "Report on other Legal & Regulatory Requirements"

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold and physical inventories. Thus, this clause is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty and other material statutory dues, as applicable.

(b) There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty and other material statutory dues in arrears as at 31st March 2020 for a period of more than 6 months for the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of income tax, Goods and Service Tax and customs duty which have not been deposited with appropriate authorities on account any dispute. Except the following:

Name of the statute	Nature of dues	Amount (Rs.)*	Period to which amount relates (Financial Year)	Forum where dispute is Pending
Income Tax Act,1961	Income Tax	60,75,920 (23,97,286)	2014-15	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act,1961	Income Tax	30,40,050 (6,08,100)	2015-16	Income Tax Appellate Tribunal, Hyderabad

* Amount shown in parenthesis represents paid under protest

- viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions. The company has not issued any debentures.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.
- xi. According to information and explanation given to us and based on our examination of records of the company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with schedule V to the Act.
- xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company.

- xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P C N & Associates
Chartered Accountants
Firm's Registration No: 016016S

M. Naveen
Partner
Membership No:237316
UDIN: 20237316AAAADR1455

Place: Hyderabad
Date: 29-06-2020

Annexure B to the Auditor's Report

"Annexure B" referred to in paragraph 2(f) under "Report on other legal and Regulatory Requirements" section of report on financial statements of even date to the members of CES Limited on the Standalone financial statements for the year ended 31st march 2020.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of CES Limited ('the Company') as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles including Indian Accounting Standards. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P C N & Associates

Chartered Accountants

Firm's Registration No: 016016S

M. Naveen

Partner

Membership No:237316

UDIN: 20237316AAAADR1455

Place: Hyderabad

Date: 29-06-2020



CES LIMITED

Balance Sheet as at 31st, March 2020

Particulars	Note No	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
ASSETS:			
1 Non-Current Assets:			
(a) Property, Plant and Equipment	1	43,93,38,477	46,81,42,534
(b) Capital Work-in-progress		25,37,457	23,59,892
(c) Goodwill		1,14,62,466	1,43,18,466
(d) Financial Assets:			
(i) Investments	2	10,04,38,610	8,43,88,610
(ii) Other Financial Assets	3	91,12,317	75,87,787
2 Current Assets:			
(a) Financial Assets:			
(i) Trade Receivables	4	18,27,66,270	19,99,76,502
(ii) Cash and Cash Equivalents	5	8,41,29,485	9,28,85,368
(iii) Loans	6	14,95,31,765	13,19,67,456
(b) Other Current Assets	7	3,24,33,414	91,32,918
Total		1,01,17,50,263	1,01,07,59,533
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	8	36,40,00,000	36,40,00,000
(b) Other Equity	9	33,76,09,846	25,43,31,310
Liabilities			
2 Non-Current Liabilities			
(a) Financial Liabilities:			
(i) Borrowings	10	-	42,12,143
(b) Provisions	11	3,49,02,385	2,41,45,455
(c) Deferred Tax Liabilities (Net)	12	1,29,04,191	1,85,22,912
3 Current Liabilities			
(a) Financial Liabilities:			
(i) Trade Payables	13	2,25,12,219	3,70,67,365
(b) Other Current Liabilities	14	16,87,79,856	25,25,19,159
(c) Provisions	15	7,10,41,765	5,59,61,189
Total		1,01,17,50,263	1,01,07,59,533

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
Chartered Accountants
Firm Regn. No: 016016S

For and on behalf of the Board
CES Limited

M.Naveen
Partner
M.No. 237316

Sd/-
Mohana Rao Kancharla
Director

Sd/-
Rama Krishna Sabbineni
Director

Place : Hyderabad
Date : 29th June 2020.

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



CES LIMITED

Statement of Profit and Loss for the Year ended 31st March 2020

Particulars	Note No	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
I. Revenue from Operations	16	1,13,38,58,276	99,98,00,425
II. Other Income	17	2,01,10,830	2,25,82,419
III. Total Income (I +II)		1,15,39,69,106	1,02,23,82,844
IV. Expenses:			
Employee Benefits expense	18	60,50,51,578	56,73,93,263
Finance costs	19	6,02,944	41,61,569
Depreciation and amortization expense	1	3,42,79,492	3,16,77,171
Other Expenses	20	40,32,87,388	33,62,15,140
IV. Total Expenses		1,04,32,21,402	93,94,47,142
V. Profit/(Loss) before exceptional items and tax (III - IV)		11,07,47,704	8,29,35,702
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		11,07,47,704	8,29,35,702
VIII. Tax expense:			
(1) Current tax		2,17,27,601	1,97,00,000
(2) Deferred tax		(56,18,721)	1,55,15,184
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		9,46,38,824	4,77,20,518
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		(2,35,020)	6,78,188
(ii) Actuarial loss on defined benefit plans reconginised in accordance with Ind AS 19.		1,15,95,308	89,71,804
Total Comprehensive Income for the period		8,32,78,536	3,80,70,526
XI. Earnings per equity share (for continuing operation):			
(1) Basic		2.60	1.31
(2) Diluted		2.60	1.31

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
Chartered Accountants
Firm Regn. No: 016016S

For and on behalf of the Board
CES Limited

M.Naveen
Partner
M.No. 237316

Sd/-
Mohana Rao Kancharla
Director

Sd/-
Rama Krishna Sabbineni
Director

Place : Hyderabad
Date : 29th June 2020.

Sd/-
Chief Financial Officer

Sd/-
Company Secretary



CES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Year Ended 31-03-2020 (Rs.)	Year Ended 31-03-2019 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	11,07,47,704	8,29,35,702
Adjustments for:		
Interest	6,02,944	41,61,569
Depreciation	3,42,79,492	3,16,77,171
Comprehensive income for the year	1,13,60,288	96,49,992
Operating Profit before working capital changes	13,42,69,852	10,91,24,450
Adjustments for:		
Trade and other receivables	1,72,10,232	(1,49,69,136)
Short Term Loans and Advances	(1,75,64,309)	2,95,31,154
Other Current Liabilities	(8,37,39,303)	7,72,84,475
Short Term provisions	1,50,80,576	(61,71,360)
Trade payables	(1,45,55,146)	63,70,086
Other Current assets	(2,33,00,496)	(37,85,133)
Cash generated from operations	2,74,01,406	19,73,84,536
Direct taxes	(2,17,27,601)	(1,97,00,000)
Cash flow before extraordinary items	56,73,805	17,76,84,536
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	56,73,805	17,76,84,536
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(27,97,001)	(6,20,18,259)
Proceeds from other financial assets	(15,24,530)	8,11,145
Repayment of Loan	(42,12,143)	1,02,73,844
Investment in Non-Current Investments	(1,60,50,000)	(59,00,000)
Net Cash Used In Investing Activities	(2,45,83,674)	(5,68,33,270)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(6,02,944)	(41,61,569)
Long Term Liabilities	-	-
Long Term Provisions	1,07,56,930	71,85,935
Long Term Loans and Other Financial Assets		(8,40,62,770)
Net Cash Flow From Financing Activities	1,01,53,986	(8,10,38,404)
NET INCREASE\ (DECREASE) IN CASH AND CASH EQUIVALENTS	(87,55,883)	3,98,12,862
Cash and Cash equivalents (Opening Balance)	9,28,85,368	5,30,72,507
Cash and Cash equivalents (Closing Balance)	8,41,29,485	9,28,85,368

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
Chartered Accountants
Firm Regn. No: 016016S

M.Naveen
Partner
M.No. 237316

Place : Hyderabad.
Date : 29th June 2020.

For and on behalf of the Board
CES Limited

Sd/- Sd/-
Mohana Rao Kancharla Rama Krishna Sabbineni
Director Director

Sd/- Sd/-
Chief Financial Officer Company Secretary



CES LIMITED

Statement of Changes in Equity for the period ended 31st March 2020.

A. EQUITY SHARECAPITAL:

Balance as at 1st April 2019	Changes in Equity Capital during the year	Balance as at 31st March 2020
36,40,00,000		36,40,00,000

B. OTHER EQUITY:

Particulars	General Reserve	Surplus in Statement of P & L	Retained Earnings	TOTAL (Rs.)
Balance at the beginning of the reporting period as at 1st April 2019	-	-	25,43,31,310	25,43,31,310
Restated balance at the beginning of the reporting period	-	-	25,43,31,310	25,43,31,310
Total comprehensive Income for the Year	-	8,32,78,536	-	8,32,78,536
Transfer to General Reserve	-	-	-	-
Transfer to Retained Earnings	-	(8,32,78,536)	8,32,78,536	-
Balance at the end of the reporting period as at 31st March 2020.	-	-	33,76,09,846	33,76,09,846



CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2020

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2020	Net Block as on 31.03.2019
		As on 01.04.2019	Additions during the Year	Deletions during the Year	As on 31.03.2020	Dep. As on 01.04.2019	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	PROPERTY, PLANT AND EQUIPMENT:										
1	BUILDINGS (HYDERABAD)	25,34,24,246	-	-	25,34,24,246	1,40,66,893	-	40,09,804	1,80,76,697	23,53,47,549	23,93,57,353
2	COMPUTERS & SOFTWARE	10,15,52,558	13,61,878	-	10,29,14,436	8,87,78,589	-	75,64,442	9,63,43,031	65,71,405	1,27,73,969
3	OFFICE EQUIPMENT	6,53,26,612	13,42,064	-	6,66,68,676	3,13,36,639	-	1,03,78,912	4,17,15,551	2,49,53,118	3,39,89,973
4	FURNITURE AND FIXTURES	7,89,21,132	-	-	7,89,21,132	1,99,03,122	-	69,75,787	2,68,78,909	5,20,42,223	5,90,18,010
5	MOTOR VEHICLES	55,50,912	-	-	55,50,912	39,89,583	-	5,07,912	44,97,495	10,53,417	15,61,329
6	LEASE HOLD LAND (SIPCOT)	25,04,250	-	-	25,04,250	3,37,271	-	25,290	3,62,561	21,41,689	21,66,979
7	BUILDING (SIPCOT)	3,13,46,107	-	-	3,13,46,107	40,45,525	-	4,88,588	45,34,113	2,68,11,994	2,73,00,582
8	BUILDINGS (VIZAG)	9,30,79,915	-	84,500	9,29,95,415	11,05,576	-	14,72,757	25,78,333	9,04,17,082	9,19,74,339
	INTANGIBLE ASSETS:										
1	GOODWILL	2,86,36,929	-	-	2,86,36,929	1,43,18,463	-	28,56,000	1,71,74,463	1,14,62,466	1,43,18,466
	CAPITAL WORK IN PROGRESS										
1	BUILDING (VIZAG)	23,59,892	1,77,565	-	25,37,457	-	-	-	-	25,37,457	23,59,892
	TOTAL	66,27,02,553	28,81,507	84,500	66,54,99,560	17,78,81,661	-	3,42,79,492	21,21,61,153	45,33,38,400	48,48,20,892
	PREVIOUS YEAR	60,06,84,294	15,50,98,174	9,30,79,915	66,27,02,553	14,62,04,490	-	3,16,77,171	17,78,81,661	48,48,20,892	45,44,79,804



CES LIMITED

Notes to Financial Statements for the Year ended 31st March, 2020

NOTE NO. 2 : INVESTMENTS

S.No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Investments in Equity Instruments:		
	1) Investment in Subsidiaries		
	a) Equity Shares		
	1) CES USA Inc. USA (Unquoted) -100% Holding 780,000 (previous year 780,000) equity shares of USD 1 each, fully paid Wholly owned subsidiary of the company.	3,45,89,632	3,45,89,632
	2) CES Information Technologies Pvt. Ltd. 6,999 (Previous year 7000) equity shares of Rs. 10/- fully paid up.	70,000	70,000
	3) CES Global IT Solutions Private Limited. 9,999 equity shares of Rs. 10/- fully paid up.	3,51,20,166	2,01,20,166
	4) CES Technology Services Private Limited. 9,999 equity shares of Rs. 10/- fully paid up.	3,06,58,812	2,96,08,812
	Total Investments	10,04,38,610	8,43,88,610

NOTE NO. 3 : LOANS- NON CURRENT

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Other Financial Assets:		
	Security Deposit		
	Secured, Considered Good	91,12,317	75,87,787
	Total Loans-Non Current	91,12,317	75,87,787

NOTE NO. 4 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Unsecured, Considered Good	18,27,66,270	19,99,76,502
		18,27,66,270	19,99,76,502
	Total Trade Receivables	18,27,66,270	19,99,76,502

NOTE NO. 5 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	3,69,93,278	8,45,72,999
	2) Bank deposits with less than 12 months maturity	4,70,48,000	82,88,115
	b) Cash on hand	88,207	24,254
	Total Cash and Cash Equivalents	8,41,29,485	9,28,85,368

NOTE NO. 6 : LOANS -CURRENT

		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Unsecured, Considered Good		
	Loans and Advances to Employees	80,000	50,79,734
	Prepaid Expenses	1,58,84,758	78,34,390
	Advance for Expenses	-	14,89,523
	GST Input Credit	5,25,14,813	4,50,73,363
	Advance Tax and TDS Receivable	6,72,65,250	5,84,02,903
	Other Advances	1,37,86,943	1,40,87,543
	Total Loans -Current	14,95,31,765	13,19,67,456

NOTE NO. 7 : OTHER CURRENT ASSETS

		As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	33,29,555	26,93,552
	Other Current Assets	2,91,03,860	64,39,366
	Total Other Current Assets	3,24,33,414	91,32,918

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2020

NOTE NO. 8 : EQUITY SHARE CAPITAL

S.No.	Particulars	As on 31-03-2020 (Rs.)	As on 31-03-2019 (Rs.)
I	Equity Share Capital		
	(a) Authorised (3,65,00,000 Shares of 10/- each Current Year) (2,01,00,000 Shares of 10/- each Previous Year)	- 36,50,00,000 36,50,00,000	- 36,50,00,000 36,50,00,000
	(b) Issued [3,64,00,000 Shares of 10/- each Current Year (of which 3,51,00,000 shares of 10/- each issued by way of bonus shares)] (13,00,000 Shares of 10/- each Previous Year)	- 36,40,00,000	- 36,40,00,000
	(c) Subscribed & Fully Paid Up [3,64,00,000 Shares of 10/- each Current Year (of which 3,51,00,000 shares of 10/- each issued by way of bonus shares)]. (13,00,000 Shares of 10/- each Previous Year)	- 36,40,00,000	- 36,40,00,000
	Total Equity Share capital	36,40,00,000	36,40,00,000
II	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of Rs.10Each, Fully paid up		
	At the Beginning	3,64,00,000	13,00,000
	Issued during the year -Bonus Shares	-	3,51,00,000
	At the end	3,64,00,000	3,64,00,000
III	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of Rs. 10 each Held By		
	Ram Kancharla - 10,280,200 Shares (C.Y) 10,280,200 Shares (P.Y)	28.24	28.24
	Venkateswara Rao.D - 8,838,200 Shares (C.Y) 8,838,200 Shares (P.Y)	24.28	24.28
	Pokuri Swarnalatha - 3,165,120 Shares (C.Y) 3,165,120 Shares (P.Y)	8.70	8.70
	M.Babu Rao - 2,010,400 Shares (C.Y) 2,010,400 Shares (P.Y)	5.52	5.52

NOTE NO. 9 : OTHER EQUITY

S. No.	Particulars	As on 31-03-2020 (Rs.)	As on 31-03-2019 (Rs.)
I	RESERVES AND SURPLUS		
	a) General Reserves		
	As at the commencement of the year	4,56,88,367	4,56,88,367
	Less: Transferred towards depreciation under Companies Act 2013	-	-
		4,56,88,367	4,56,88,367
	b) Capital Reserve (Sharewarrants forfeited)	8,70,00,000	8,70,00,000
	c) Retained Earnings :		
	i) Opening Balance - Profit and Loss Account	12,16,42,943	43,45,72,418
	Add: Transfer from Profit & Loss Account	8,32,78,536	3,80,70,525
	Less: Amount transferred for issue of Bonus Shares	-	35,10,00,000
		20,49,21,479	12,16,42,943
		29,19,21,479	20,86,42,943
	Total Other Equity	33,76,09,846	25,43,31,310

NOTE NO. 10 : BORROWINGS -NON CURRENT

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Term Loans:		
	a) Term Loans from Banks :		
	- Mortgage Loan from Indus Ind Bank	-	42,12,143
	(Secured against mortgage of Land and Building with the Bank)		
	Total Borrowings-Non Current	-	42,12,143

NOTE NO. 11 : PROVISIONS

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	- Provision for Gratuity	3,49,02,385	2,41,45,455
	Total Provisions	3,49,02,385	2,41,45,455

NOTE NO. 12: DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	2,71,99,345	1,16,84,161
	Add:		
	Deferred Tax Liability for the year	-	1,55,15,184
	Gross Deferred tax Liability	2,71,99,345	2,71,99,345
	Opening Deferred tax Asset	86,76,433	86,76,433
	Deferred Tax Asset for the year	56,18,721	-
	Gross Deferred tax Asset	1,42,95,154	86,76,433
	Deferred Tax Liability/ (Asset) - Net	1,29,04,191	1,85,22,912

NOTE NO. 13 : TRADE PAYABLES

S. No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Trade Payables		
	(a) Dues of Micro Enterprises and Small Enterprises	2,25,12,219	3,70,67,365
	(b) Dues of Creditors Other than Micro Enterprises and Small Enterprises	-	-
	Total Trade Payables	2,25,12,219	3,70,67,365

NOTE NO. 14 : OTHER CURRENT LIABILITIES

S.No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	-	96,76,192
II	Statutory Liabilities		
	TDS Payable	61,92,265	48,24,735
	GST Payable	5,85,155	66,566
	Professional Tax Payable	1,18,163	1,17,208
III	Other Liabilities	15,67,45,458	23,78,34,458
IV	Advance from Customers	51,38,816	-
	Total Other Current Liabilities	16,87,79,856	25,25,19,159

NOTE NO. 15 : PROVISIONS

S.No.	Particulars	As on 31-03-2020	As on 31-03-2019
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	99,42,714	46,49,938
	ESI Payable	1,33,454	1,52,767
	PF Payable	19,18,450	16,19,042
		1,19,94,618	64,21,747
	b) Others		
	Provision for Income Tax	2,33,91,386	1,97,00,000
	Consultancy Charges Payable	3,01,84,189	2,67,79,697
	Audit Fee Payable	4,23,250	6,23,250
	Other Provisions	50,48,322	24,36,495
		5,90,47,147	4,95,39,442
	Total Provisions	7,10,41,765	5,59,61,189

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2020

NOTE NO. 16 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	-	70,805
	Export Sales	1,13,38,58,276	99,97,29,620
	Total Revenue from Operations	1,13,38,58,276	99,98,00,425

NOTE NO. 17 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
I	(a) Interest income	13,00,264	7,41,381
	(b) Rental Income	1,88,10,566	2,18,09,138
	(c) Other Income	-	31,900
	Total Other Income	2,01,10,830	2,25,82,419

NOTE NO. 18 : EMPLOYEE BENEFITS EXPENSE

S.No.	Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	57,99,75,019	54,39,25,923
	(b) Contribution to Provident & Other Funds	1,13,03,961	1,11,09,495
	(c) Staff Welfare Expenses	1,37,72,598	1,23,57,844
	Total Employee Benefit Expenses	60,50,51,578	56,73,93,263

NOTE NO. 19 : FINANCE COSTS

S.No.	Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	5,108	34,335
	- Interest on Term Loan	5,97,836	41,27,234
	Total Finance Cost	6,02,944	41,61,569

NOTE NO. 20 : OTHER EXPENSES

S.No.	Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
		(Rs.)	(Rs.)
I	(a) Electricity Charges	1,58,12,344	1,49,72,808
	(b) Rent	1,48,07,486	1,38,64,197
	(c) Repairs to Buildings and Equipments	24,22,752	4,24,752
	(d) Insurance	1,05,68,327	88,89,998
	(e) Telephone, Postage and Others	87,64,842	94,85,144
	(f) Advertisement Expenses	51,677	53,180
	(g) Conveyance & Travelling Expenses	3,24,92,543	3,04,77,195
	(h) CSR Expenditure	20,10,000	22,64,000
	(i) Office Maintenance	1,73,38,004	1,48,10,769
	(j) Printing & Stationery Expenses/Subscriptions	51,66,028	42,14,266
	(k) Security Charges	42,44,103	33,20,560
	(l) Rates & Taxes (excluding Income Tax)	42,15,114	67,71,776
	(m) Computer Hire Charges	1,11,74,097	96,92,207
	(n) Professional and Consultancy fee	5,37,28,710	2,49,55,552
	(o) Job Portal Expenses	1,13,52,024	1,19,61,359
	(p) Outside Consultancy Fees	21,28,73,463	16,85,86,810
	(q) Bank Charges	3,00,683	13,62,477
	(r) Exchange (gain)/Loss	(43,34,808)	98,08,090
	(s) Payment to Auditors:		
	(i) As Auditor	3,00,000	3,00,000
	Total Other Expenses	40,32,87,388	33,62,15,140

SIGNIFICANT ACCOUNTING POLICIES

21. Company overview

CES LIMITED (The “Company”) is an Information Technology (IT) and Information Technology Enabled Services (ITES) provider, dedicated to serving the midsize market of global enterprises.

22. Significant accounting policies

22.1 Basis of preparation of financial statements

(i) Compliance with Ind AS

These Financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013 and other relevant provisions of the Act.

(ii) Historical Cost Convention.

These Financial Statements have been prepared on a historical cost basis, except for the following:

- Defined Benefit Plans – Plan assets measured at fair value.

22.2 Use of estimates

The preparation of the financial statements in conformity with the recognition and measurement principles of Ind AS required the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is

determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

22.3 Revenue recognition

Income from software services and products: Revenue from professional services consist primarily of revenue earned from services performed on a "time and material" basis. The related revenue is recognized as and when the services are performed. The Company also performs time bound fixed-price engagements, under which revenue is recognized using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts requiring significant implementation services, where revenue is recognized as per the percentage of completion method.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

22.4 Fixed Assets

Tangible assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation

In respect of fixed assets (Other than freehold land and capital work-in-progress) acquired during the year, depreciation/amortization is charged on straight line basis so as to write off the cost of the assets

over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

22.5 Foreign Currency transactions and translation

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

22.6 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

22.7 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

22.8 Retirement benefits to employees

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees, based on actuarial valuation made by an independent actuary as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

Provident Fund/ESI

Contributions to defined Schemes such as Provident Fund/ESI are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

22.9 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

22.10 Segment Accounting Policies**(a) Segment Assets and Liabilities:**

The assets of the Company are used interchangeably between segments, and hence the assets and liabilities of the Company are currently treated as inseparable.

(b) Segment Revenue and Expense:

The Revenue and direct cost (including the payroll cost of all the employees and consultants which can be attributed to the revenue), excepting the un-allocable costs like personnel cost for the supporting services, depreciation, operating expenditure, interest income on deposits, provision for contingencies and income tax, are directly attributed to the respective segments.

22.11 Provision and Contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020:

23. Expenditure in foreign currency:

	Year Ended <u>31.03.2020(Rs)</u>	Year Ended <u>31.03.2019(Rs)</u>
Foreign travelling	6,647,440 /-	8,590,725/-
Earning in foreign exchange as reported by the Company to Government of India and as certified by the management		

	Year Ended <u>31.03.2020(Rs)</u>	Year Ended <u>31.03.2019(Rs)</u>
Foreign exchange inflow	1,133,858,276/-	999,729,620/-

24. There are no dues to SSI units outstanding for more than 45 days.

25. Related Party Transactions:

During the current financial year, the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

S.No	Name of the Related Party	Nature of Relation	Nature of Transaction	2019-20	2018-19
1	CES Information Technologies Pvt. Ltd.	Common directors	Services rendered	Rs. 600,000/-	Rs. 2,250,000/-
2	CES Global IT Solutions Pvt. Limited.	Common directors	Services rendered	Rs. 9,600,000/-	Rs. 9,600,000/-
3	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	Rs. 1,700,000/-	Rs. 2,400,000/-
4	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 1,826,144 /-	Rs. 1,294,000/-
5	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 2,143,808/-	Rs. 2,013,000/-
6	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 900,155/-	Rs. 1,032,000/-

26. The Companies operations predominantly relate to providing IT Services in two primary business segments viz. IT Services and IT Enabled Services (ITES). The Company considers the business segment as the Primary Segment and Geographical Segment based on the location of the customers as the Secondary Segment.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of costs are

apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

BUSINESS SEGMENTS:

(Rs. In Lacs)

Profit and Loss Statements for the year ended 31st March 2020	IT Services	IT Enabled Services	Total
Revenues	2,241.35	9,097.23	11,338.58
Direct Expenses	1,440.89	4,609.63	6,050.52
Gross Income			5,288.06
Less: Un-allocated Expenses			4,381.70
Add: Interest Income			201.11
Net Profit Before Taxes			1,107.47
Income Taxes			161.09
Net Profit After Taxes			946.38

GEOGRAPHICAL SEGMENTS:

Profit and Loss Statements for the year ended 31st March 2020.	USA	DOMESTIC	Total
Revenues	11,338.58	0	11,338.58
Direct Expenses	6,050.52	0	6,050.52
Gross Income			5,288.06
Less: Un-allocated Expenses			4,381.70
Add: Interest Income			201.11
Net Profit Before Taxes			1,107.47
Income Taxes			161.09
Net Profit After Taxes			946.38

27. Calculation of EPS as per Ind AS -33 for the year ending 31st March, 2020.

	<u>Rs.</u>
Profit available to the equity shareholders	94,638,824/-
Weighted average number of shares outstanding	364,00,000/-
Basic Earnings per Share	2.60
Diluted Earnings per Share	2.60

28. Previous year's figures have been regrouped wherever necessary.

29. The figures have been rounded off to the nearest rupee.

SIGNATURE TO NOTES 1 To 29

As per our report of even date

Directors of

For P C N & Associates,

Chartered Accountants

Firm Registration No. 016016S

For and on behalf of the Board of

CES LIMITED

M.Naveen

Partner

Membership No. 237316

Place: Hyderabad

Date: 29th June, 2020.

Sd/-

Mohana Rao Kancharla

Director

Sd/-

Rama Krishna Sabbineni

Director

Sd/-

Chief Financial Officer

Sd/-

Company Secretary



CES Limited

7th Floor, Tower-A,
Ramky Selenium Building, Financial Dist,
Gachibowli, Hyderabad-500 032, India.
www.cesltd.com