



### BOARD OF DIRECTORS

Mr. Ram Kancharla (00028434)  
Mr. Venkat Davarapalli (00028498)  
Mr. Appa Rao Kancharla (2532842)  
Mr. Rama Krishna Sebbineni (01825682)  
Mr. Duruvasan R (00223052)  
Mr. Murali Krishna Tummala(1889806)  
Mr. Mohana Rao Kancharla (00004288)  
Mrs. Aruna Krishna Sabbineni(06997005)

Director  
Director  
Alternate Director (Ram K)  
Alternate Director (Venkat D)  
Independent Director  
Independent Director  
Whole –time Director  
Director

Corporate Identity Number (CIN): L55100TG1985PLC045963

### KEY MANAGERIAL PERSONNEL

Mr. Mohana Rao Kancharla- Whole -Time Director  
Mr. Benarji Mallampatti- Chief Financial Officer  
Mr. Surya Prakash Mungelkar- Company Secretary

### BANKERS

ICICI Bank, Hyderabad  
Citi Bank Limited, Hyderabad  
Bank of India, Hyderabad  
IndusInd Bank, Hyderabad

### AUDITORS

M/s P.MURALI CO. Chartered  
Accountants  
6-3-655/2/3, Somajiguda,  
Hyderabad - 500 082.

### 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

7<sup>th</sup> Floor, Tower –A, Ramky  
Selenium, Nanakramguda,  
Gachibowli, Hyderabad- 500032  
Hyderabad-500 032  
Ph: 040 42421122  
Fax: 040 66259444  
[info@cesltd.com](mailto:info@cesltd.com)  
[www.cesltd.com](http://www.cesltd.com)

### SHARE TRANSFER AGENTS

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

### LISTING AT

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

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## NOTICE

**NOTICE** is hereby given that the 31<sup>st</sup> Annual General Meeting of M/s. CES LIMITED (previously known as Serve All Enterprise Solutions Limited) will be held on Thursday, 29<sup>th</sup> day of September 2016, at 4:00P.M.at the Registered Office of the Company at, **7<sup>th</sup> Floor, Tower-A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad - 500 032** to consider the following Business:

### ORDINARY BUSINESS

1. To receive, consider and adopt Standalone and Consolidated Audited Balance Sheet as at 31st march 2016 and Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr Ram Rao Kancharla (00028434) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company up to conclusion of Next Annual General Meeting in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

**“RESOLVED THAT** in terms of the provisions of Sections 139-142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 as may be applicable and pursuant to the resolution of the members at the 31<sup>st</sup> Annual General Meeting, the appointment of M/s P.MURALI & CO, Chartered Accountants (Firm Regn No: 007257S) as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the Next Annual General Meeting of the Company to be held in the year 2017, be ratified by the members on a remuneration as may be decided by the Board of Directors”.

PLACE: HYDERABAD

DATE: 06/09/2016

BY ORDER OF THE BOARD

M. Surya Prakash  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company or if holding more than 10 % of aggregate shareholding, then such a proxy shall not act as proxy for any person or any other shareholder.

In order to be effective, must be received at the office of the Company's Registrar and Share Transfer Agent- Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad- 500 029 not less than 48 hours before the Commencement of the meeting. A blank proxy form is enclosed.

2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24 September (Monday) 2016 to, 29 September (Thursday) 2016. (Both days inclusive).
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/ Depository Participants as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA.
5. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy Identification of attendance at the meeting
6. Members desirous of getting any information about the accounts and operations of the Company are requested to submit their queries addressed to the Company Secretary at least 7 days in advance of the meeting so that the information called for can be made available at the meeting.
7. Kindly bring your copies of the Annual Report to the meeting.
8. Electronic copy of the Annual Report for the financial period ended 31.03.2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
9. Electronic copy of the Notice of the 31<sup>st</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 31<sup>st</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.



## Annual Report 2015-16

10. Members may also note that the Notice of the 31<sup>st</sup> Annual General Meeting and the Annual Report for the financial period ended on 31.03.2016 will also be available on the Company's website [www.cesltd.com](http://www.cesltd.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [info@cesltd.com](mailto:info@cesltd.com).
11. Voting through electronic means in compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 31<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL), Kindly Visit [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and select help option, you can find user manual for shareholders to caste Vote at **Annexure-IV**

BY ORDER OF THE BOARD  
For CES LIMITED  
(Previously known as Serve All Enterprise Solutions Ltd)

## DIRECTORS' REPORT

To  
The Members of  
M/s. CES LIMITED  
(Previously Known as Serve All Enterprise Solutions Limited)

The Directors have pleasure in presenting the 31<sup>st</sup> Annual Report of the Company together with the Audited Accounts for the year ended on 31<sup>st</sup> March 2016 (01.04.2015 to 31.03.2016).

## FINANCIAL RESULTS

	Consolidated		Standalone	
	2015-2016 (12 Months)	2014-2015 (9 Months)	2015-2016 (12 Months)	2014-2015 (9 Months)
	Rs.	Rs.	Rs.	Rs.
Net Revenue	1,757,004,309	914,908,341	500,700,664	326,077,927
Profit Before Depreciation	239,175,016	103,734,406	139,308,502	80,025,829
Depreciation	36,732,642	20,876,106	18,226,311	11,486,095
Profit Before Taxation	202,442,374	82,858,300	121,082,191	68,539,734
Provision for Taxation	54,672,769	28,615,913	32,102,306	22,247,461
Profit after Taxation	147,769,606	54,242,387	88,979,885	46,292,273
Brought Forward Profit/(Loss)	216,302,294	162,059,907	197,730,679	151,438,406
Balance carried to Balance Sheet	494,593,346	216,302,294	286,710,564	197,730,679

## BUSINESS PERFORMANCE OF THE COMPANY

To comply with the provisions 2(41) of Companies act 2013, during the previous financial year our company has changed its financial year ending from 1<sup>st</sup> July 2014 to 31<sup>st</sup> March 2015. As the current financials of our company are prepared for 12 months, we can't compare financial results of current year with the previous year.

**Standalone:** When we compare financial results (12 Months) of the current financial year with the previous period (9 Months) financial results, our revenue increased to Rs. 500.701 Million from Rs. 326.078 Million and our profit after tax (PAT) increased from Rs. 46.29 Million to Rs. 88.97 Million.

**Consolidated:** When we compare consolidated financial results (12 Months) of the current period with the previous period (9 Months) Consolidated financial results, our revenue increased from Rs. 914.91 Million to Rs. 1,757.00 Million and our consolidated profit after tax (PAT) increased from Rs. 54.24 Million to Rs. 147.77 Million.

## **COMMITTEES OF THE BOARD**

### **AUDIT COMMITTEE**

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

### **NOMINATION & REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation / Category</b>
Mr. Mohan Kancharla (00004288)	Executive Director
Mr. Duruvasan Ramachandra (00223052)	Member ( Independent Director )
Mr. Murali Krishna Tummala ( 01889806)	Member ( Independent Director )

### **STAKEHOLDER RELATIONSHIP COMMITTEE**

<b>Name</b>	<b>Designation / Category</b>
Mr. Mohan Kancharla (00004288)	Executive Director
Mr. Duruvasan Ramachandra (00223052)	Member ( Independent Director )
Mr. Rama Krishna Sebbineni(01825682)	Member ( Non- Executive Director)

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

<b>Name</b>	<b>Designation / Category</b>
Mr. Mohan Kancharla (00004288)	Executive Director
Mr. Duruvasan Ramachandra (00223052)	Member ( Independent Director )
Mr. Rama Krishna Sebbineni (01825682)	Member ( Non- Executive Director)

### **DURING THE FINANCIAL YEAR 2015-16 , SEVEN BOARD MEETINGS WERE HELD AS FOLLOWS:**

29<sup>th</sup> May 2015 , 14<sup>th</sup> August 2015, 4<sup>th</sup> September 2015, 26<sup>th</sup> October 2015, 14<sup>th</sup> November 2015 , 13<sup>th</sup> February 2016 and 25<sup>th</sup> March 2016.

### **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 31<sup>st</sup> March 2016, 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 no such instance.

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

All the contracts/ arrangements/ transactions that were entered into by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business. The Company had entered into any contract/ arrangement with related parties i.e., with its whole own U S a Subsidiary i.e. CES USA Inc. which could be considered material in accordance with the policy of the Company on materiality of related party transaction. All Related Party Transactions are approved by the Board and Shareholders of the Company.

**RAMKY SLENIUM GACHIBOWLI, HYDERABAD:**

The company is pleased to announce that it has purchased another property of 26,358 square feet at Fourth Floor, Ramky selenium, Nanakramguda, Gachibowli, Hyderabad – 08 from JMKGEC Realtors Private Limited and SDNMKJ Realty Private Limited. This property is located in the financial district, Hyderabad.



## 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 2015-16:

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:

Particulars	31.03.2016	31.03.2015
Foreign Exchange Earnings (Rs.)	497,385,534/-	323,197,754/-
Foreign Exchange Outgo :		
Foreign Travelling (Rs.)	9,442,838/-	2,902,188/-
Professional & Consultancy Fees (Rs.)	4,352,580/-	-
Purchase of Capital Goods (Rs.)	8,468,630/-	-



### **AUDITORS**

#### **Statutory / Financial Audit**

M/s P. Murali & Co Chartered Accountants (Regn No. 007257S) retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation that their appointment will be within the limits prescribed under Section 141 of the Companies Act, 2013

#### **Secretarial Audit**

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 Mr.Sharda 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- III**.

#### **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

### **RELATED PARTY DISCLOSURE**

#### **Loans and Advances Made By Parent Company to Subsidiary Company**

The Company has Given Rs. 1,52,73,844/-Loan to its Subsidiary Company I.e CES information Technology Private Limited.

## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (a) Industry structure and developments.

NASSCOM, the trade association of Indian information technology and Business process management Industry, Projected a 10-12 % for the Indian Software services segment for the financial year 2017, lagging the 12-14% growth forecast it had made for the current financial year. A volatile global economy and currency fluctuations, especially the weakening of rupee against the US dollar, continued to impact India's information technology and Business process management (BPM) Services Segments. NASSCOM stated that going forward, revenue growth alone may not be an adequate indicator of growing capability and capacity of Indian technology industry. Factors such as investment, valuations, digital solutions portfolio and impact would also need to be considered in assessing industry performance and contribution to the economy.

According to Gartner, India will continue to be the fastest growing market for the second year in succession and will continue growing to total USD 85.28 billion by the end of 2019. Software, which accounts for nearly 7 % of IT revenue in India, will grow 11.9 % as segment, but within this segment, enterprise application software will be the fastest growing sub- segment in 2016, with revenue forecast to grow 15.4% over 2015. Communication services will continue to account for the largest share of IT spend in India and will account for 39.6 % of revenue in 2016, however, this will also be the slowest growing segment with a 1.4% increase in revenue in 2016.

### IT - BPM Industry as per Nasscom:

#### GLOBAL MARKETS

1. The Global Spending on IT and enabled services is 0.4% of total global spending i.e USD 1.2 Trillion Dollars.
2. Global Sourcing is 8.5% i.e USD 162-166 Billions.
3. India is the No.1 sourcing location for the global market, with more than 56% of global Sourcing is in India.
4. There are around 16000 Plus Firms global among which 4200 plus are startups.
5. IT & enabled services has global presence of 80 plus Countries.
6. India's presence is in more than 50 Countries, with market share of 8.5 %, i.e USD 143 billion.
7. Indian IT Industry has more than 3.7 million people, which is 6% of employees of Indian market.

### (b) Opportunities and Threats.

With recovery of developed economies like US and Europe where budgets for IT and ITES have increased enabling more contract been awarded, we look forward to capture those opportunities. We are also positive to capture opportunities in growing emerging markets for environment projects.

Company's management has strong domain knowledge and experience of successful leading business Managers. Our key strategy is to identify new opportunities that have potential for growth.

There is huge competition in industry, large number of players are available to provide IT & ITES related services at very competitive pricing

(c) Segment-wise.

## SEGMENT WISE RESULTS (STANDALONE):

### BUSINESS SEGMENT:

(Rs. In Lacs)

PARTICULARS	2015-16		2014-15	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	1,013.85	3,993.16	1,013.76	2,247.01
Profit Before Taxes	245.15	965.67	213.09	472.30
Provision for Taxes	64.99	256.03	69.17	153.30
Profit After Taxes	180.16	709.64	143.92	319.00

### GEOGRAPHICAL SEGMENT:

PARTICULARS	2015-16		2014-15	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	4,973.86	33.15	3,231.97	28.80
Profit Before Taxes	1,202.68	8.14	675.44	9.95
Provision for Taxes	318.83	2.19	219.24	3.23
Profit After Taxes	883.85	5.95	456.20	6.72

## SEGMENT WISE RESULTS (CONSOLIDATED):

### BUSINESS SEGMENT:

(Rs. In Lacs)

PARTICULARS	2015-16		2014-15	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	2,705.02	14,865.03	1,575.21	7,573.87
Profit Before Taxes	311.62	1,712.81	142.39	686.19
Provision for Taxes	84.14	462.59	49.15	237.01
Profit After Taxes	227.48	1,250.22	93.24	449.18

### GEOGRAPHICAL SEGMENT:

PARTICULARS	2015-16		2014-15	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	17,536.90	33.15	9,120.28	28.80
Profit Before Taxes	2,020.25	4.18	818.63	9.95
Provision for Taxes	545.47	1.26	282.93	3.23
Profit After Taxes	1,474.78	2.92	535.70	6.72

**(d) Outlook**

As per the IMF's 2015 World Economic Outlook update: Emerging and developing economies, which account for nearly 70% of global growth, continue to decelerate. Many of the issues that adverse affected global growth in 2015 - slowdown in China and other emerging markets, sharp declines in commodity prices and financial market volatility - are likely to continue to exert downward pressure on growth in 2016. Progress in structural reforms, which is key to longer - term sustainable growth, remains slow in many countries. The projected pickup in growth in the next two years-despite the ongoing slowdown in China - primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be troubled by new economic or political shocks.

1. Global growth is projected at 3.4% in 2016 and 3.6% in 2017.
2. New projections indicate growth in advanced economies will be 0.1% lower in both 2016 and 2017, and even much lower.
3. Emerging markets are forecasted to grow by 4.3% and 4.7% in 2016 and 2017, respectively, 0.2% lower than the previous projection.

**(e) Risks and concerns.**

The following are some of the key risks relating to business of the Company, as identified by the management.

**The following are some of the key risks relating to the businesses of the Company, as identified by the management:**

**1) Business model related risk:**

The revenue of the Company is based on cost plus mark up with contracts with customers. The wage cost is major risks which may not be acceptable to customers due to change in minimum wages requirements. In order to mitigate the risks management of the Company in continues endeavor keep appraised its customers about any change in cost factors well in advance.

**2) Foreign currency fluctuation risk:**

Revenue accrues in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the management tracks foreign currency movements closely.

**3) Financial risk:**

The surplus funds of the Company are invested in fixed deposits with banks which is averse to risk related to volatility of interest rate. To mitigate the risk of interest rate the management closely tracks movement of rate change with banks.

**4) Credit risk:**

It is exposed to risk of delay in collection and to mitigate such risk pre-define credit period is mentioned in contract entered and the same is followed for receiving payments from customers.

**5) Operational risk:**

The Company is averse to risks of operational performance on account of costs. If the performance is lower than expected from the operators, it could have impact on profitability. So to mitigate such risks the Company had placed proper MIS in place.

**6) Investment risk:**

The Company is averse to the risk of value of investment getting effected due to performance of the investee company. To mitigate such risk the management of the Company keeps constant liaison with investee company and the Board of the Company is been kept informed about necessary information on timely basis.

**7) Information Technology risk:**

The business operations are mostly dependent on systems involving computers/ servers which are prone to hacking due to advancement in technology. In order to mitigate the hacking risk, appropriate anti-hacking multi layered systems are installed.

**8) Legal, Compliance risk:**

There is a risk on account of inadvertent non-compliance with laws and in order to mitigate such risk the management had created a robust compliance framework for respective functional areas and Company has Legal and Compliance Team.

**9) Social Media risk:**

Being listed entity, the Company is exposed to risks of any inappropriate disclosure made by any employee in social media. In order to mitigate such risk the employees and management including board members strictly adheres to the code of "Fair Disclosure Code" of the Company.

**10) Business Continuity and Disaster Recovery risk:**

To ensure continued delivery of services to customers irrespective of any disturbances the Company has implemented strong systems and processes across different locations so as to enable in taking appropriate measures in respect of disaster recovery and business continuity.

**11) Natural Calamities:**

The Office of the Company is Located at Various Locations, recently heavy rains at Chennai has created challenging situations for deliverance of service to client, as most of the employees were unable to Come to office but despite of that the Management through their efforts has cope up with situation and made things smoothly.

**12) Attrition Risk:**

The rising inflation and salaries along with high attrition among employees is a risk. The impact of this is hard to manage and to the extent possible, the management uses technology, automation, incentives and good work environment to reduce its impact.

**(f) Internal control systems and their adequacy:**

CES Limited (CES) has adequate internal controls and checks in place for all its operations across locations. The internal control systems are robustly designed keeping future requirements and needs. The management systems being followed at CES comply with international standards and are audited by the independent certification body “TÜV Rhineland (India) Pvt. Ltd”.

**Compliance and Certification Achievements in Year 2015-2016**

ISO 9001: 2008 - Quality Management System (QMS)

ISO 27001: 2013 - Information Security Management System (ISMS)

CMMI- SVC Maturity Level 3 : Service Management Process System

Payment Card Industry, Data Security Standard (PCIDSS): Compliance for Order and Payment processing and Customer support services

With focus on Customer Delight and Delivery Assurance, all our operational locations are audited in early this year to ensure that the infrastructure and processes adhere to safety, security, reliability and availability of data for all its customers and interested parties.

Having esteemed customers added to its business, CES has started the journey towards achieving CMMI Maturity Level 5: a highest standard for attaining Capability and Maturity for Service Delivery and ISO 22301: International Standard for Business Continuity Management. The projects are already kicked-off and are slated to be completed by end of 2017.

**(g) 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.



### Activities at CES Limited

The Company conducts various activities at CES Limited from time to time, recently the Company has Conducted Caroms and Chess at Ramky Selenium office. More than 30 % of the CES Group Employees has participated.





### Participation of Employees at Telanganaku Haritha Haram

The Management actively encourages participation of Employees in various activities, recently employees participated in Telanganaku Haritha Haram mega Plantation on 11<sup>th</sup> July 2016



**CORPORATE GOVERNANCE REPORT: THE FOLLOWING DISCLOSURES SHALL BE MADE IN THE SECTION ON THE CORPORATE GOVERNANCE OF THE ANNUAL REPORT.**

**(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

<b>(i) Non-Executive Directors:</b>	
(a) Promoter Group	Mr.Appa Rao Kancharla
	Mr. Rama Krishna Sabbineni
	Mrs. Aruna Krishna Sabbineni
(b) Independent	Mr.Duruvasan R
	Mr.Murali Krishna Tummala
<b>(ii) Executive Director:</b>	Mr.Mohan Kancharla

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

Name of the Director	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships of other Boards as on 31 <sup>st</sup> March, 2016	Number of Memberships of other Board Committees*	Number of Chairmanships in other Board Committees*	Dates of Board Meeting Attendant by the Directors
Mr.Appa Rao Kancharla	7	Y	-	-	-	-
Mr.Srinivasa Chakravarthy Yalamati *	3	Y	3	-	-	-
Mr.Mohan Kancharla	7	Y	7	-	-	-
Mr.Duruvasan Ramachandra	2	Y	1	-	-	-
Mrs. Aruna Krishna Sabbineni	2	NA	2	-	-	-
Mr. Murali Krishna Tummala	6	NA	1	-	-	-
Rama Krishna Sabbineni **	4	NA	2			

\*Mr.Srinivasa Chakravarthy resigned with effect from 26.10.2016.

\*\* Mr. Rama Krishna Sebbineni Appointed as Alternate Director for Mr. Venkateshwara Davarapalli with effect from 26.10.2016.

### **Disclosure of relationships between directors inter-se;**

1. Shri Appa Rao Kancharla is Father of Shri Mohana Rao Kancharla.
2. Shri Appa Rao Kancharla is Father of Shri Ram Kancharla.
3. Shri Mohana Rao Kancharla and Shri Ram Kancharla are Brothers.

**(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, 2016:

Name	Designation
Mr. Duruvasan R(00223052)	Chairman
Mr. Murali Krishna Tummala(1889806)	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 31<sup>st</sup> March, 2016. The maximum time gap between any of the two meetings was not more than four months.

Audit Committee Meetings held during the year 2015-16 and attendance details:

Date of the Meeting	Committee Strength	No. of Directors present
29.05.2015	3	3
14.08.2015	3	3
04.09.2015	3	3
14.11.2015	3	3
13.02.2016	3	3
25.03.2016	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.

## Nomination and Remuneration Committee:

- Brief description of terms of reference;
- composition, name of members and chairperson;
- meeting and attendance during the year;
- Performance evaluation criteria for independent 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, 2015:

Name	Designation
Mr. Murali Krishna Tummala (1889806)	Chairman
Mr. Duruvasan Ramachandra (00223052)	Member
Mr. Mohan Kancharla (00004288)	Member

##### Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors present
29.05.2015	3	3
14.08.2015	3	3
04.09.2015	3	3
14.11.2015	3	3
13.02.2016	3	3
25.03.2016	3	3

## a. 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 Directors may 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 Director may 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:**

### Remuneration policy -

#### i) 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	7.26
Commission	
Contribution to Provident Fund and Superannuation Fund	
Benefits	
<b>Total</b>	<b>7.26</b>



#### (5) 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

#### (6) GENERAL BODY MEETINGS:

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

Financial Year	Location of AGM	Date & Time of AGM
2014-15	Plot No. 42, Sagar Society, Road No.2 ,Banjara Hills , Hyderabad -500034	29 <sup>th</sup> September, 2015 at 4:00 PM.
2013-14	Plot No. 42, Sagar Society, Road No.2 ,Banjara Hills , Hyderabad -500034	30 <sup>th</sup> December,2014 at 4:00 PM
2012-13	Plot No. 42, Sagar Society, Road No.2 ,Banjara Hills , Hyderabad -500034	30 <sup>th</sup> December ,2013 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
2014-15 29.09.2015	1. Appointment of Smt .Aruna Krishna Sabbineni as Director. 2. Appointment of Shri Murali Krishna Tummala as Independent Director. 3. Adoption of Articles of Association. 4. To Approve Remuneration of Shri Mohana Rao Kancharla.
2013-14 30.12.2014	Approval of Related party transactions, Contract or arrangements, with CES USA Inc., wholly own Subsidiary of the Company. Appointment of Shri Mohana Rao Kancharla as Whole Time Director. Re- Appointment of Mr. Duruvasan as Independent Director.
2012-13 30.12.2013	No Special Resolution was passed

##### (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

**(7) MEANS OF COMMUNICATION:**

**(a) Quarterly results;**

Following are dates during the financial year when Company has declared Financials:

29.05.2015, 14.08.2015, 14.11.2016 and 13.02.2016

**(b) Newspapers wherein results normally published;**

The quarterly unaudited results and annual audited results are published in Business Standard/Financial Express and in the local newspaper –Surya/ Nava Telangana and are displayed on the Website of the Company. Official press releases and Official media releases are sent to stock exchanges.

**(c) Website, where displayed;**

The Company Updates it's the entire official, Business and Investor related information on [www.cesltd.com](http://www.cesltd.com)

**(d) Whether it also displays official news releases;**

It also displays official information on [cesltd.com](http://cesltd.com)

**(e) Presentations made to institutional investors or to the analysts.**

The Company has not made any Investor related presentation in the 2015-16 , but it has plans to make it in the 2016-17

## (8) GENERAL SHAREHOLDER INFORMATION:

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

Annual general meeting to be held on 29.09.2016 at 4: 00 pm at Registered office of the Company at 7<sup>th</sup> Floor, Tower-A., Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032 .

### (b) Financial year;

2015-2016

### (c) 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.

### (d) Stock code;

Stock code for Bombay Stock Exchange: 512341

Stock Code for Ahmedabad Stock Exchange: 52380

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

S. No	Month 2015-16	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

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

There is No trading of Shares of the Company.

**(g) Registrar to an issue and share transfer agents;**

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

**ISIN for the Equity Shares:** INE396F01013

**(h) Share transfer system;**

These are taken care by RTA of the Company

**(i) Distribution of shareholding;**

**Distribution of Shareholding as on 31<sup>st</sup> March, 2015:**

SL NO	CATEGORY	HOLDERS	HOLDERS PERCENTAGE	SHARES	AMOUNT	AMOUNT PERCENTAGE
1	1 - 5000	5	18.52	1181	11810	0.09
2	10001 - 20000	1	3.7	1050	10500	0.08
3	2000 - 30000	4	14.81	9900	99000	0.76
4	30001 - 40000	1	3.7	3100	31000	0.24
5	100001 & Above	16	59.26	1284769	12847690	98.83
	<b>Total:</b>	<b>27</b>	<b>100</b>	<b>1300000</b>	<b>13000000</b>	<b>100</b>

**(j) Demat and Physical Shares ;**

SL.NO.	PARTICULARS	NO OF SHARES	% OF TOTAL ISSUED CAPITAL
1	Issued Capital	1300000	
2	Listed Capital	1300000	
3	Held in Dematerialized form in CDSL	266240	20.48
4	Held in Dematerialized form in CDSL	823489	63.35
5	Physical	210271	16.17
6	Total no. of Shares	1300000	100

**(k) 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.

## (l) 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.

## (m) Office Locations

### INDIA

#### HYDERABAD

##### Registered Office

7<sup>th</sup> 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 4<sup>th</sup>  
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 318<sup>th</sup> 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**



### **(9) 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.



**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

We, Mohana Rao Kancharla , and Benarji Mallampatti, 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, 2016 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.



**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, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges for the period April 1, 2015 November 30, 2015 and as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period December 1, 2015 to March 31, 2016.

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: 007257S)**

M/s P.MURALI CO. Chartered

Accountants 6-3-655/2/3, Somajiguda,

Hyderabad - 500 082.



### 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**

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

#### PROGRAMMES & PROJECTS

The Corporate Social Responsibility activities for CES are fulfilled by CES Foundation – the CSR arm of the CES Group of companies

1. The CES Foundation Trust sponsored Free Cataract Operations for people at Chennai, through Sankara Nethralaya, an eminent Non Profit eye Hospital at Chennai.
2. The CES Foundation is planning to provide training in computer basics, Microsoft Word, Microsoft Excel, etc., to improve the computer literacy to the underprivileged.
3. Our Foundation is also planning to sponsor vocational training like car driving, tailoring, etc., to the unemployed men and women, empowering them to become self-sustained entrepreneurs.
4. The CES Foundation shall comply with any other stipulation or restriction as provided under the CSR Rules or any clarification or circular issued by the Ministry of Corporate Affairs, from time to time.

**CES Foundation Free Eye Surgery Camp at Sankara Nithralaya, Non Profit Eye Hospital at Chennai.**





Our Promotor Mr. Ram Kancharla Meeting Officials of Sankara Nithralaya at Chennai.



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

Financial Years	Year
2012-13	Rs.52,994,953
2013-14	Rs.86,316,455
2014-15	Rs.68,539,734
<b>Average of previous three years</b>	<b>Rs.69,283,714</b>

**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**

- (1) **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 2015-2016.**

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

- (2) **The percentage increase in the median remuneration of employees in the financial year 2015-16 :**  
16.81%

- (3) **The number of permanent employees on the rolls of Company**

The Permanent employees on rolls of the Company were 468 as on 31<sup>st</sup> March 2016

- (4) **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 current financial year there is no review for managerial personnel

- (5) **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 90 employees as on 31<sup>st</sup> March, 2016 who are receiving higher salary than Director; the ratio is 1: 90

- (6) **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 31<sup>ST</sup> MARCH, 2016:

Category	Number of Shareholders	No. of Shares	% of Share-holding
Promoters	12	972929	74.84
Public :			
Institutional Investors:			
- Mutual Funds & UTI, Banks, Financial Institutions & Others	-	-	-
	-	-	-
Bodies Corporate	-	-	-
Indian Public	15	327071	25.16
Foreign Nationals/NRIs/ OCBs	-	-	-
Clearing Members	-	-	-
FII's	-	-	-
<b>GRAND TOTAL</b>	<b>27</b>	<b>1300000</b>	<b>100.00</b>

## 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 31<sup>st</sup> March, 2016 as envisaged in SEBI LODR ( Regulations ) 2015 with stock exchanges.

Place: Hyderabad  
Date: 06.09.2015.

**Whole Time Director**  
September 06<sup>th</sup> 2016

## 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 Lakhs)

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=65.4611)	INR	INR	INR
3	Share capital	345.90	1.00	1.00	1.00
4	Reserves & surplus	570.55	164.85	95.60	91.49
5	Total assets	4,084.57	530.71	175.21	164.75
6	Total Liabilities	4,084.57	530.71	175.21	164.75
7	Investments	-	-	-	-
8	Turnover	10,626.81	1,300.24	390.93	486.21
9	Profit before taxation	315.61	253.91	126.94	117.15
10	Provision for taxation	66.63	84.27	42.11	32.69
11	Profit after taxation	248.97	169.64	84.83	84.46
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	70%	51%	30%

## FORM NO. MGT.9 (Annexure-II) (EXTRACT OF ANNUAL RETURN)

As on the financial year ended on 31st March, 2016 [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 ( Previously Known as Serve All Enterprise Solutions 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	51 %	2(87)
4	CES Global IT Solutions Private Limited	U72200TG2014PTC095431	Subsidiary Company	30 %	2(87)
3.	CES Information Systems Private Limited	U72200TG2001PTC037992	Associate Company	NA	2(6)
4.	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	102129	-	102129	7.86	102129	-	102129	7.86	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1):	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	745800	-	745800	57.37	745800	-	745800	57.37	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate									
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	125000	125000	9.62	-	125000	125000	9.62	-
Sub-Total(A)(2):									
<b>Total Shareholding of Promoters(A)=(A)(1)+(A2)</b>	847929	125000	972929	74.84	847929	125000	972929	74.84	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>	-	-	-	-	-	-	-	-	-
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)									



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	1260	13471	14731	1.13	1260	13471	14731	1.13	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	240540	71800	312340	24.03	240540	71800	312340	24.03	Nil
<b>C)Others (specify)</b>									
Foreign Nationals	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	241800	85271	327071	25.16	241800	85271	327071	25.16	Nil
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	241800	85271	327071	25.16	241800	85271	327071	25.16	Nil
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	1089729	210271	1300000	100	1089729	210271	1300000	100	Nil

## (II) SHAREHOLDING OF PROMOTERS

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	367150	28.24	Nil	367150	28.24	Nil	Nil
2	Mr.Venkat Davarpalli	315650	24.28	Nil	315650	24.28	Nil	Nil
3	Mr.Srinivasa Chakravarthy Yalamati	51629	3.97	Nil	51629	3.97	Nil	Nil
4	Nidhi Sri Davarpalli Trust	31250	2.4	Nil	31250	2.4	Nil	Nil
5	Nitya Sri Davarpalli Trust	31250	2.4	Nil	31250	2.4	Nil	Nil
6	Sunil Kancharla Irrevocable Trust	31250	2.4	Nil	31250	2.4	Nil	Nil
7	Sai Krishna Kancharla Irrevocable Trust	31250	2.4	Nil	31250	2.4	Nil	Nil
8	Mrs.Sreevani Kancharla	31250	2.4	Nil	31250	2.4	Nil	Nil
9	Mrs.Rama Devi Davarpalli	31250	2.4	Nil	31250	2.4	Nil	Nil
10	Mrs.Yalamati Sujatha	25500	1.96	Nil	25500	1.96	Nil	Nil
11	Mr.Mohan Kancharla	25000	1.92	Nil	25000	1.92	Nil	Nil
12	Mr.Venkata Subba Rao Kancharla	500	0.04	Nil	500	0.04	Nil	Nil

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

S. No.	Reasons for change	Date of Change	No. of Shares before change	No. of Shares after change	% Total Shares of the Company after change	
1	Shares held by ____ at the beginning of the year	-	-	-	-	
2	Increase of shares by _____s) Inc. (____) by way of purchase from the open market.	-	-	-	-	
		-	-	-	-	
		-	-	-	-	
		-	-	-	-	
		-	-	-	-	
3	Shares halved pursuant to capital reduction under the Scheme of Arrangement			-	-	
4	Inter-se Transfer of Shares between ____ and ____.	-	-	-	-	
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		972929	74.81	972929	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		972929	74.81	972929	74.81

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

S.No.	Name	Shareholding		Date	Increase / Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		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	113040	8.7				113040	8.7
2	M. Babu Rao	71800	5.52				71800	5.52
3	Maddukuri Hemalatha	55000	4.23				55000	4.23
4	Dharma Sastha K	49300	3.79				49300	3.79
5	M.S Chowdhary	23200	1.78				23200	1.78
6	V. Kalpana	3100	0.0023				3100	0.0023
7	K. Bhavani	2700	0.00207				2700	0.00207
8	SK Gulzar	2600	0.0020				2600	0.0020
9	K.Padmavathi	2400	0.0018				2400	0.0018
10	N.Nagalakshmi	2200	0.00169				2200	0.00169

## (V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
A	<b>Directors</b>	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr.Ram Kancharla	367150	28.24	367150	28.24
2	Mr.Venkat Davarapalli	315650	24.28	315650	24.28
3	Mr.Srinivasa Chakravarty Yalamati	51629	3.97	51629	3.97
4	Mr.Mohan Kancharla	25000	1.92	25000	1.92
5.	Mr.Appa Rao Kancharla	Nil	Nil	Nil	Nil
6.	Mrs. Aruna Krishna Sabbineni	Nil	Nil	Nil	Nil
B	<b>Key Managerial Personnel (KMPs)</b>				
1	Mr.Mohan Kancharla	25000	1.92	25000	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	540.02	-	-	540.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	540.02	-	-	540.02
Change in Indebtedness during the financial year				
* Additions	310.47	-	-	310.47
* Reduction#	295.64	-	-	295.64

Net Change	14.83	-	-	14.83
Indebtedness at the end of the financial year				
i) Principal Amount	554.85	-	-	554.85
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	554.85	-	-	554.85

### 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	7.26 - -
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as a % of profit	-
	- Others, specify...	-
<b>Total</b>		<b>7.26</b>
Ceiling as per the Act		

## B. Remuneration to other Directors:

(Rs.in lakhs)

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

## 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	9.91	5.06	14.97
	(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.	-	-	-

## 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 31<sup>ST</sup> MARCH, 2016**

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, 2016 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, 2016 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;

5. 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. **Pursuant 1.a. of the SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014**, "Companies having paid up equity share capital not exceeding Rs.10 crore and Net Worth not exceeding Rs.25 crore, as on the last day of the previous financial year; Provided that where the provisions of Clause 49 becomes applicable to a company at a later date, such company shall comply with the requirements of Clause 49 within six months from the date on which the provisions became applicable to the company."

SEBI(LODR)Regulations 2015, Regulation 15 (a) the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year: Provided that where the provisions of the regulations specified in this regulation becomes applicable to a listed entity at a later date, such listed entity shall comply with the requirements those regulations within six months from the date on which the provisions became applicable to the listed entity

The Company has paid up Equity Share Capital of Rs.1.3Crore and Net worth less than Rs.25 Crore as on 31.03.2015, however Board of Directors were of opinion that for financial year 2015-16 i.e as on 31.03.2016 the Company will Surpass Net worth Rs.25 Crore and It becomes mandatory for Company to Comply Corporate Governance Clause 49 /SEBI (LODR) 2015 Regulation 27 (2), within six months from 31.03.2016. Therefore as good Corporate Governance practice, the Company has taken all the required steps to Comply Corporate Governance clause and accordingly has submitted Corporate Governance Compliance Certificate for September 2015 as on 04.12.2015 i.e. transaction no. 04122015214668 and subsequently all the Corporate Governance reports on time for other Quarters.

**2. Pursuant to Regulation 31(2) of SEBI (LODR) Regulation 2015, 100 % Promoter Holding to be in dematerialised account, but it is notice that 125000 shares of promoter holding is in Physical Shares.**

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, 2016.

**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.

Sd/-  
Putcha Sharada  
Practicing Company Secretary  
ACS No. 21717  
CP No. 8735

**Place:**Hyderabad

**Date:**1<sup>st</sup>September , 2016



## Annual Report 2015-16

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**

September 01, 2016  
Hyderabad

**ANNEXURE -IV****E- Voting Instructions Details:****The instructions for shareholders voting electronically are as under:**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide member's facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the **business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).**

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

**The e-voting period commences on September 26<sup>th</sup>, 2016 (10:00 am) and ends on September 28, 2016 (5:00 pm).** During this period shareholders' of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date** of 23<sup>rd</sup> September, 2016. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23<sup>rd</sup> September, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or ([company/ RTA email id](#)).

**NOTE: The "remote e-voting" end time shall be 5:00 p.m. on 28<sup>th</sup> September, 2016 and the cut-off date shall be 23<sup>rd</sup> September 2016**

The facility for voting through ballot paper / Poling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper/poling Paper.

**NOTE:** The Facility for Voting at AGM shall be decided by the company i.e. "Ballot Paper" or "Poling Paper"

**The procedure to login to e-Voting website is given below:**

1. Open the attached PDF file “**e-Voting.pdf**” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (In case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
7. Select “EVEN” of CES Limited. Members can cast their vote online from **September 26<sup>th</sup>, 2016 (10:00 am) and ends on September 28, 2016 (5:00 pm)**  
**Note:** e-Voting shall not be allowed beyond said time.
8. Now you are ready for “e-Voting” as “Cast Vote” page opens.
9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [sharadacs@gmail.com](mailto:sharadacs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Please note the following:**

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the



## Annual Report 2015-16

conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

### Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the e-voting system of NSDL.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.



### CES LIMITED

Seventh Floor, Tower -A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032

### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN:** L55100TG1985PLC045963

**Name of the company:** CES LIMITED

**Registered office:** Seventh Floor, Tower -A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032

Name of the member(s):.....

Registered

Address:.....

E-mail Id:

.....

Folio No/ Client Id:

..... DP ID:

.....

I/We, being Member /Members of CES Limited hereby appoint

1. Name:.....

Address:

E-mail Id:

Signature:....., or failing him

2. Name:.....

Address:

E-mail Id:

Signature:....., or failing him

3. Name:.....

Address:

E-mail Id:

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual general meeting of the company, to be held on the Thursday, 29th Day of September 2016, at 4.00 P.m. at Registered office Seventh Floor, Tower - A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032. any adjournment thereof in respect of such resolutions as are indicated below:



Resolution	Resolution
Ordinary Business	
	To receive, consider and adopt the Audited Balance Sheet as at 31 <sup>st</sup> march 2015 and Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
	To appoint a Director in place of Mr. Ram kancharla Who retires by rotation and being eligible,
	To appoint M/s. P Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company from this Annual General Meeting till the conclusion of the next Annual General Meeting subject to ratification at every Annual General Meeting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of Shareholder \_\_\_\_\_

Affix Revenue Stamp



Signature of Proxy holder (s) \_\_\_\_\_

## Note:

1. Proxy need not be a member of the Company.
2. The Proxy Form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.
3. Corporate members intending to send their authorized representative(s) to attend the meeting are request to send a certified copy

.....cut here.....



**CES LIMITED**  
**(Previously Known as Serve All Enterprise Solutions Limited)**  
**Seventh Floor, Tower -A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 5000832**

**ATTENDANCE SLIP**  
(Please present this slip at the entrance of the meeting venue)

Regd. Folio .....

Shares held .....

I hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the Company to be held on Thursday, the 29 September , 2016 at 04.00 PM at Seventh Floor, Tower -A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032.

Name of the Shareholder :

Name of the Proxy :

Signature of member/proxy :

**Note:**

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

Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

## **INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**To the Members of M/s. CES LIMITED**

### **Report on the consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s. CES LIMITED ("the Holding Company"), and its subsidiaries, its jointly controlled entities and associated companies; together referred to as "the Group" comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements')

### **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 Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements:

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the Company, as at 31<sup>st</sup> March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **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 by the Company so far as appears from our examination of those books;
  - c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
  - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, 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, 2016, 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 consolidated financial statements do not have any pending litigations which could have impact on its financial position.
    - ii. The Holding company 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 company incorporated in India.

#### **Other Matter**

We did not audit the financial statements of 2 (two) subsidiary companies (1. CES Global IT Solutions Pvt Ltd., and 2. CES Technology Services Pvt Ltd.), included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs. 3,39,66,492/- as at 31<sup>st</sup> March, 2016, total revenue of Rs.8,77,71,808/- for the year ended 31<sup>st</sup> March, 2016. The financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based on solely on the reports of the other Auditors.

For **P. Murali & CO.,**

**Chartered Accountants**

Firm Registration No: 007257S

**P. Murali Mohana Rao**

Partner

M.No 023412

Place: Hyderabad

Date: 06-09-2016

## **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')**

In conjunction with our Audit of the consolidated financial statements of the company as of and for the year ended 31<sup>st</sup> March 2016, 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.

#### **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 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 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 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 deed 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 martial misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control 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. 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 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 deducted. 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 Holding Company and its subsidiary company, 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, 2016, 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. Murali & Co.,**  
**Chartered Accountants**  
FRN: 007257S

**P. Murali Mohana Rao**  
**Partner**  
M.No. 023412

Place: Hyderabad  
Date: 06-09-2016

## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. Company overview**

CES LIMITED (Formerly known as Serve All Enterprise Solutions 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.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation of financial statements**

The Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified under section 133 of the companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### **2.1a 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 (51% Owned), CES Global IT Solutions Private Limited (Control Over Board). 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.

#### **2.2 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires 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.

## **2.3 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.

## **2.4 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.

## **2.5 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.

## **2.6 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.

## **2.7 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.

## **2.8 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.

## **2.9 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.

## **2.10 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.

## **2.11 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 recognised 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.

<b>CES LIMITED</b> <b>(Formerly known as Serve All Enterprise Solutions Ltd)</b> <b>Consolidated Balance Sheet as at 31-03-2016</b>			
Particulars	Note No	Consolidated As on 31-03-2016 (Rs.)	Consolidated As on 31-03-2015 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	13,000,000	13,000,000
(b) Reserves and Surplus	2	493,464,485	369,150,233
(c) Minority Interest		25,873,533	712,194
<b>(2) Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	3	11,868,240	4,647,242
(b) Long Term Borrowings	4	100,254,965	60,282,513
(b) Long Term Provisions	5	16,919,219	17,260,879
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	91,148,926	56,407,816
(b) Other Current Liabilities	7	112,668,424	26,875,547
(c) Short-Term Provisions	8	140,661,244	115,364,955
<b>Total</b>		<b>1,005,859,039</b>	<b>663,701,380</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible Assets	9	255,033,135	181,856,983
(ii) Intangible Assets		40,268,927	27,457,863
(iii) Capital Work in Progress		48,825,767	32,371,176
(b) Long Term Loans and advances	10	26,941,293	36,019,763
<b>(2) Current assets</b>			
(a) Trade receivables	11	276,039,567	197,196,034
(b) Cash and Bank Balances	12	104,834,256	73,947,768
(c) Short-Term Loans and Advances	13	142,419,462	71,835,413
(d) Other Current assets	14	111,496,630	43,016,381
<b>Total</b>		<b>1,005,859,039</b>	<b>663,701,380</b>

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.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

P.Murali Mohana Rao  
Partner  
M.No. 023412

For and on behalf of the Board  
CES Limited

Mohana Rao Kancharla  
Director

Place : Hyderabad | Date : 6th September, 2016.

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

**Consolidated Profit and Loss Account for the year ended 31-03-2016**

Particulars	Note No	Consolidated 31-03-2016	Consolidated 31-03-2015
		(Rs.)	(Rs.)
I. Revenue from Operations	15	1,757,004,309	914,908,341
II. Other Income	16	2,272,899	3,673,999
<b>III. Total Revenue (I +II)</b>		<b>1,759,277,208</b>	<b>918,582,340</b>
<b>IV. Expenses:</b>			
Employee Benefit expenses	17	1,350,773,987	726,626,818
Other Operating Expenses	18	54,958,777	31,054,009
Administrative and Selling Expenses	19	106,941,742	54,581,797
Financial costs	20	7,427,686	2,585,310
Depreciation and amortization expense	9	36,732,642	20,876,106
<b>V. Total Expenses</b>		<b>1,556,834,834</b>	<b>835,724,040</b>
VI. Profit Before Tax (III - V)		<b>202,442,374</b>	<b>82,858,300</b>
VII. Tax expense:			
(1) Current tax		52,633,676	27,148,836
(2) Deferred tax		2,039,093	1,467,077
VIII. Profit/(Loss) for the period		<b>147,769,605</b>	<b>54,242,387</b>
IX. Earnings per equity share: (Refer Note No.)			
(1) Basic		113.67	41.72
(2) Diluted		113.67	41.72

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.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

For and on behalf of the Board  
CES Limited

P.Murali Mohana Rao  
Partner  
M.No. 23412

Mohana Rao Kancharla  
Director

Place : Hyderabad  
Date : 6th September, 2016

**CES LIMITED**

**(Formerly known as Serve All Enterprise Solutions Ltd)**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary item	<b>202,442,374</b>	<b>82,858,300</b>
Adjustments for:		
Interest	7,427,686	2,585,310
Depreciation	36,732,642	20,876,106
Operating Profit before working capital changes	246,602,702	106,319,717
Adjustments for:		
Trade and other receivables	(78,843,533)	(42,308,122)
Short Term Loans and Advances	(70,584,049)	49,331,326
Other Current Liabilities	85,792,877	(61,805,915)
Short Term provisions	25,296,289	59,211,001
Trade payables	34,741,110	(26,784,249)
Other Current assets	(68,480,249)	26,498,615
Cash generated from operations	174,525,146	110,462,372
Direct taxes	(52,633,676)	(22,383,701)
Cash flow before extraordinary items	121,891,470	88,078,671
Extraordinary items	-	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>121,891,470</b>	<b>88,078,671</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(150,538,222)	(139,320,816)
Sale of Assets	18,251,664	-
Net Cash Used In Investing Activities	<b>(132,286,558)</b>	<b>(139,320,816)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(7,427,686)	(2,585,310)
Long Term Liabilities	39,972,452	35,466,410
Long Term Provisions	(341,660)	-
Long Term Loans and Advances	9,078,470	3,095,386
Net Cash Flow From Financing Activities	<b>41,281,576</b>	<b>35,976,486</b>
<b>NET INCREASE\ (DECREASE) IN CASH AND CASH E</b>	<b>30,886,488</b>	<b>(15,265,659)</b>
Cash and Cash equivalents ( Opening Balance)	73,947,768	89,213,426
Cash and Cash equivalents ( Closing Balance)	<b>104,834,256</b>	<b>73,947,768</b>

AS PER OUR REPORT OF EVEN DATE

**For P.Murali & Co.,**

Chartered Accountants

Firm Regn. No: 007257S

**P.Murali Mohana Rao**

Partner

M.No. 023412

Place : Hyderabad.

Date : 6th September, 2016

For and on behalf of the Board

**CES Limited**

(Formerly known as Serve All Enterprise Solutions L

**Mohana Rao Kancharla**

Director

**Appa Rao Kancharla**

Director

**Benarji Mallampati**

Chief Financial Officer

**Surya Prakash M**

Company Secretary

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

Notes to Consolidated Financial Statements for the year ended 31-03-2016

**NOTE NO. 1 : SHARE CAPITAL**

S.No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Equity Share Capital		
	(a) Authorised (2,01,00,000 Shares of 10/- each Current Year ) (2,01,00,000 Shares of 10/- each Previous Year )	201,000,000	201,000,000
		<b>201,000,000</b>	<b>201,000,000</b>
	(b) Issued (13,00,000 Shares of 10/- each Current Year ) (13,00,000 Shares of 10/- each Previous Year )	13,000,000	13,000,000
	(c) Subscribed & Fully Paid Up (13,00,000 Shares of 10/- each Current Year ) (13,00,000 Shares of 10/- each Previous Year )	13,000,000	13,000,000
	<b>Total Equity Share capital</b>	<b>13,000,000</b>	<b>13,000,000</b>
II	<b><u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u></b>		
	<b>Equity Shares of Rs.10Each, Fully paid up</b>		
	At the Beginning	1,300,000	1,300,000
	Issued during the year	-	-
	At the end	<b>1,300,000</b>	<b>1,300,000</b>
III	<b><u>Details of Shareholder holding more than 5% shares of the company:</u></b>	<b>% of Share Holding</b>	
	<b>Equity Shares of Rs. 10 each Held By</b>		
	Ram Kancharla - 367,150 Shares (C.Y ) ..... 367,150 Shares ( P.Y)	28.24	28.24
	Venkateswara Rao.D - 315,650 Shares (C.Y ) ..... 315,650 Shares ( P.Y)	24.28	24.28
	Pokuri Swarnalatha - 113,040 Shares (C.Y ) ..... 113,040 Shares ( P.Y)	8.70	8.70
	M.Babu Rao - 71,800 Shares (C.Y ) ..... 71,800 Shares ( P.Y)	5.52	5.52

**NOTE NO. 2 : RESERVES AND SURPLUS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>RESERVES AND SURPLUS</b>		
	a) General Reserves		
	As at the commencement of the year	47,283,531	47,283,531
	Add: Additions during the year	-	-
		<b>47,283,531</b>	<b>47,283,531</b>
	b) Capital Reserve (Share Warrants Forfeited)	87,000,000	87,000,000
	c) Surplus :		
	i) Opening Balance - Profit and Loss Account	216,302,294	163,680,586
	Add: Transfer from Profit and Loss Account	147,769,606	54,272,388
	Less: Transferred under the Companies Act 2013		1,620,679
		<b>451,071,899</b>	<b>216,332,295</b>
	c) Foreign Currency Translation Reserve	20,982,588	19,246,601
	Less: Minority Interest	25,873,533	712,194
	<b>Total Reserves and Surplus</b>	<b>493,464,485</b>	<b>369,150,233</b>



**NOTE NO. 3 : DEFERRED TAX LIABILITY ( NET )**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	12,514,245	11,682,182
	Add:		
	Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	7,085,078	832,063
	<b>Gross Deferred tax Liability</b>	19,599,323	12,514,245
	Opening Deferred tax Asset	7,867,003	5,567,862
	Add: Deferred Tax Asset for the year	(135,919)	2,299,141
	<b>Gross Deferred tax Asset</b>	7,731,083	7,867,003
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>11,868,240</b>	<b>4,647,242</b>

**NOTE NO. 4 : LONG TERM BORROWINGS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a)Long Term Loans:		
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	637,977	637,977
	b) FCB Loan from Indusind Bank (Against mortgage of Company's Land and Buildings)	54,847,271	32,429,776
	c) Venkat Devarapalli - Loan	38,246,216	20,691,260
	d) Other Loans	6,523,500	6,523,500
	<b>Total Long Term Liabilities</b>	<b>100,254,965</b>	<b>60,282,513</b>

**NOTE NO. 5 : LONG TERM PROVISIONS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	16,919,219	17,260,879
	<b>Total Long Term Provisions</b>	<b>16,919,219</b>	<b>17,260,879</b>

**NOTE NO. 6 : TRADE PAYABLES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Trade Payables	91,148,926	56,407,816
	<b>Total Trade Payables</b>	<b>91,148,926</b>	<b>56,407,816</b>

**NOTE NO. 7 : OTHER CURRENT LIABILITIES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	-	20,934,390
II	Statutory Liabilities		
	TDS Payable	3,911,319	2,351,795
	Service Tax Payable	926,121	203,854
	Professional Tax Payable	115,021	700,756
	Payroll Liabilities	-	465,990
III	Other Liabilities		
	Advance received from Customers	1,441,945	2,118,761
	Others	106,274,018	100,000
	<b>Total Other Current Liabilities</b>	<b>112,668,424</b>	<b>26,875,547</b>

**NOTE NO. 8 : SHORT TERM PROVISIONS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	67,362,907	44,271,310
	Bonus Payable	-	654,068
	ESI Payable	173,949	110,589
	PF Payable	1,544,947	1,420,705
		<b>69,081,803</b>	<b>46,456,672</b>
	b) Others		
	Provision for Income Tax	47,048,833	26,074,266
	Provision for Expenses	24,269,259	42,507,781
	Audit Fee Payable	261,350	326,236
		<b>71,579,442</b>	<b>68,908,283</b>
	<b>Total Short Term Provisions</b>	<b>140,661,246</b>	<b>115,364,955</b>

Sl. No.	Particulars	Useful Lives	Gross Block				Depreciation/Amortization					Net Block as on 31.03.2016	Net Block as on 31.03.2015
			As on 01.04.2015	Additions during the Year	Deletions during the year	As on 31.03.2016	Dep. As on 01.04.2015	Adj to retained earnings/FCTR	Dep. For the year	Depreciation on Deletions during the year	Total Depreciation		
	<b>TANGIBLE ASSETS</b>												
1	Buildings (Hyderabad)	60 Years	94,272,594	22,695,183	-	116,967,777	671,964	-	1,742,731		2,414,695	114,553,082	93,600,630
2	Computers & Software	3 Years	115,493,227	56,282,436	-	171,775,663	67,388,111	832,066	26,727,680		94,947,857	76,827,806	48,105,116
3	Office Equipment	5 Years	13,516,465	12,649,530	298,097	25,867,898	10,006,800	-	3,038,973	188,959	12,856,814	13,011,084	3,503,701
4	Furniture and Fixtures	10 Years	10,109,549	15,989,410	600,300	25,498,659	6,691,746	-	1,531,242	402,132	7,820,856	17,677,803	3,423,766
5	Vehicles	8 Years	4,903,538	480,526	787,500	4,596,564	2,238,982	-	316,109	35,844	2,519,247	2,077,317	2,664,556
6	Leasehold land (SIPCOT)	99 Years	2,504,250		-	2,504,250	236,090	-	25,295		261,385	2,242,865	2,268,160
7	Buildings (SIPCOT)	60 Years	31,096,570	125,037	-	31,221,607	2,091,510	-	486,919		2,578,429	28,643,178	29,005,060
8	Lease Hold Improvements										-	-	-
	<b>INTANGIBLE ASSETS</b>												
1	Goodwill		28,636,929	17,359,384	-	45,996,313	2,863,693	-	2,863,693		5,727,386	40,268,927	25,773,236
						-					-		-
	<b>CAPITAL WORK IN PROGRESS</b>												
1	Leasehold Land (VSP)		23,869,051	24,956,716	-	48,825,767	-	-			-	48,825,767	23,869,051
2	Software Development		8,502,125	-	8,502,125	-	-	-			-	-	8,502,125
	<b>TOTAL</b>		<b>332,904,298</b>	<b>150,538,222</b>	<b>10,188,022</b>	<b>473,254,498</b>	<b>92,188,896</b>	<b>832,066</b>	<b>36,732,642</b>		<b>129,126,669</b>	<b>344,127,829</b>	<b>240,715,401</b>
	<b>PREVIOUS YEAR</b>		<b>298,098,012</b>	<b>139,320,816</b>		<b>437,418,828</b>	<b>173,236,023</b>	<b>1,620,679</b>	<b>20,876,106</b>		<b>195,732,808</b>	<b>241,686,021</b>	<b>124,875,779</b>

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

Notes to Consolidated Financial Statements for the year ended 31-03-2016

**NOTE NO. 10 : LONG TERM LOANS AND ADVANCES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>Loans and Advances to Related Parties</b>		
	Unsecured, Considered Good	15,919,896	23,122,129
	<b>Sub Total</b>	<b>15,919,896</b>	<b>23,122,129</b>
II	<b>Security Deposit</b>		
	Secured, Considered Good	11,021,397	12,897,634
	<b>Total Long term Loans and Advances</b>	<b>26,941,293</b>	<b>36,019,763</b>

**NOTE NO. 11 : TRADE RECEIVABLES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
	Unsecured, Considered Good	-	-
		-	-
	<b>Other Receivables:</b>		
	Unsecured, Considered Good	286,273,300	200,796,477
		286,273,300	200,796,477
	Less: Provision for Doubtful Debts	3,600,443	<b>3,600,443</b>
	<b>Total Trade Receivables</b>	<b>282,672,857</b>	<b>197,196,034</b>

**NOTE NO. 12 : CASH AND BANK BALANCES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	96,677,211	59,964,247
	2) Bank deposits with more than 12 months maturity	1,040,000	50,000
	3) Bank deposits with less than 12 months maturity	7,022,500	13,900,000
	b) Cash on hand	94,546	33,521
	<b>Total Cash and Cash Equivalents</b>	<b>104,834,256</b>	<b>73,947,768</b>

**NOTE NO. 13 :SHORT TERM LOANS AND ADVANCES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
	<b>Advances Recoverable in Cash or in kind</b>		
	Unsecured, Considered Good		
	Loans and Advances to Employees	4,718,770	1,564,873
	Prepaid Expenses	5,961,028	3,955,945
	Advance for Expenses	3,397,995	621,463
	Service Tax Input Credit	22,911,253	15,176,876
	Advance for Immovable Property	11,333,940	-
	Advance Tax and TDS Receivable	88,037,343	50,516,256
	Other Advances	6,059,133	-
	<b>Total Loans and Advances</b>	<b>142,419,462</b>	<b>71,835,413</b>

**NOTE NO. 14 : OTHER CURRENT ASSETS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,010,374	1,416,835
II	Other Current Assets	107,263,269	41,599,546
IV	MAT Credit	2,222,987	-
	<b>Total Other Current Assets</b>	<b>111,496,630</b>	<b>43,016,381</b>

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

Notes to Financial Statements for the year ended 31-03-2016

**NOTE NO. 15 : REVENUE FROM OPERATIONS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
(i)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	4,229,631	2,880,173
	Export Sales	1,752,774,677	912,028,168
	<b>Total Revenue from Operations</b>	<b>1,757,004,309</b>	<b>914,908,341</b>

**NOTE NO. 16 : OTHER INCOME**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	(a) Interest income	1,378,567	3,673,999
	(b) Exchange Fluctuation Gain	894,333	-
	<b>Total Other Income</b>	<b>2,272,899</b>	<b>3,673,999</b>

**NOTE NO. 17 : EMPLOYEE BENEFIT EXPENSES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	1,320,902,975	363,329,289
	(b) Managerial Remuneration	-	2,999,997
	(c) Contribution to Provident & Other Funds	16,092,661	7,784,020
	(d) Staff Welfare Expenses	13,778,351	9,038,508
	<b>Total Employee Benefit Expenses</b>	<b>1,350,773,987</b>	<b>383,151,814</b>

**NOTE NO. 18 : OTHER OPERATING EXPENSES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	(a) Electricity Charges	10,912,644	5,539,133
	(b) Rent	28,612,423	17,511,798
	(c) Repairs to Computers and Equipments	2,509,330	1,385,005
	(d) Insurance	5,583,470	3,506,414
	(e) Net exchange loss / (Gain ) on foreign currency transactions	6,365,107	2,438,770
	(f) Other operating expenditure	975,803	672,888
	<b>Total Other Operating Expenses</b>	<b>54,958,777</b>	<b>31,054,009</b>

**NOTE NO. 19: ADMINSTRATIVE AND SELLING EXPENSES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	(a) Telephone, Postage and Others	10,193,268	5,850,361
	(b) Advertisement Expenses	717,726	1,386,559
	(c) Conveyance & Travelling Expenses	36,524,768	16,888,125
	(d) CSR Expenditure	1,385,674	-
	(e) Office Maintenance	30,584,108	13,383,244
	(f) Printing & Stationery Expenses/Subscriptions	687,577	973,998
	(g) Security Charges	1,635,841	973,415
	(h) Rates & Taxes (excluding Income Tax)	518,557	1,716,214
	(i) Computer Hire Charges	7,013,147	3,781,504
	(j) Professional and Consultancy fee	17,279,420	5,697,934
	(k) Provision for Doubtful Debts / Bad Debts	-	3,600,443
	(l) Loss on Sale of Vehicle	111,656	-
	(m) Payment to Auditors:	-	-
	(i) As Auditor	290,000	130,000
	(ii) For Taxation Matters	-	200,000
	(iii) For Other Services	-	-
	<b>Total Administrative and Selling Expenses</b>	<b>106,941,742</b>	<b>54,581,797</b>

**NOTE NO. 20 : FINANCE COST**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	94,817	100,823
	- Bank Charges	3,883,456	1,425,074
	- Interest on Other Loans	3,449,413	1,059,413
	<b>Total Finance Cost</b>	<b>7,427,686</b>	<b>2,585,310</b>

**Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2016:****21. 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	205-16	2014-15
1	Computech Corporation	Common directors	Services rendered	Rs. 9,32,73,709/-	Rs.14,21,63,908/-
2	CES Information Systems Pvt.Ltd	Common directors	Services rendered	Rs.25,07,511/-	-
3	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 7,26,000/-	Rs. 1,20,000/-
4	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 9,91,000/-	Rs. 7,35,000/-
5	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 5,06,000/-	Rs. 2,80,500/-

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

**23.** The balances receivable from debtors and payable to creditors at the year-end are subject to confirmation from the respective debtors and creditors.

**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)

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March, 2016</b>	<b>IT Services</b>	<b>IT Enabled Services</b>	<b>Total</b>
Revenues	2,705.02	14,865.03	17,570.05
Direct Expenses	1,576.20	11,931.54	13,507.74
<b>Gross Income</b>			<b>4,062.31</b>
Less: Un-allocated Expenses			1,986.33
Less: Interest and Other Expenses (NET)			74.28
<b>Add: Interest Income</b>			<b>22.73</b>
<b>Net Profit Before Taxes</b>			<b>2,024.43</b>
Income Taxes			546.73
<b>Net Profit After Taxes</b>			<b>1,477.70</b>

**GEOGRAPHICAL**

**SEGMENTS:**

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March, 2016</b>	<b>USA</b>	<b>DOMESTIC</b>	<b>Total</b>
Revenues	17,536.90	33.15	17,570.05
Direct Expenses	13,490.03	17.71	13,507.74
<b>Gross Income</b>			<b>4,062.31</b>
Less: Un-allocated Expenses			1,986.33
Less: Interest and Other Expenses (NET)			74.28
<b>Add: Interest Income</b>			<b>22.73</b>
<b>Net Profit Before Taxes</b>			<b>2,024.43</b>
Income Taxes			546.73
<b>Net Profit After Taxes</b>			<b>1,477.70</b>



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	81.05	4,323.99	59.81	1,210.82
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.	3.11	165.85	12.54	253.91
CES Global IT Solutions Pvt. Ltd.	1.73	92.49	5.79	117.15
CES Technology Services Pvt. Ltd.	1.81	96.60	6.27	126.94
Foreign Subsidiaries:				
CES USA Inc.	12.30	655.74	15.59	315.61
<b>TOTAL</b>		<b>5,334.67</b>		<b>2,024.42</b>
Adjustments arising out of consolidation		(348.90)		(241.15)
Minority Interest				
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.		(49.75)		(76.17)
CES Global IT Solutions Pvt. Ltd.		(64.74)		(82.01)
CES Technology Services Pvt. Ltd.		(47.33)		(62.20)
<b>Consolidated Net Assets/Profit before Tax</b>		<b>4,823.95</b>		<b>1,562.89</b>

26. Calculation of EPS as per the AS -20 for the year ending 31<sup>st</sup> March, 2016.

	<b><u>Rs.</u></b>
Profit available to the equity shareholders	14,77,69,605
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	113.67
Diluted Earnings per Share	113.67

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

**SIGNATURE TO NOTES 1 To 29**

**As per our report of even date  
For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No. 007257S**

**For and on behalf of the Board of Directors of  
CES LIMITED  
(Formerly known as Serve All Enterprise Solutions Ltd)**

**P. Murali Mohana Rao  
Partner  
Membership No. 023412**

**Mohana Rao Kancharla  
Director**

**Appa Rao Kancharla  
Director**

**Place: Hyderabad  
Date :6<sup>th</sup> September, 2016.**

**Benarji Mallampati  
Chief Financial Officer**

**Surya Prakash Mungelkar  
Company Secretary**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of CES LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of CES LIMITED ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone 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 Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

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 31st March 2016, its profit and its cash flows for the year ended on that date.

## 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 paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further 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 purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
  - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in ' Annexure B'; 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 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31<sup>st</sup> March 2016.

For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No : 007257S

**P. Murali Mohana Rao**

Partner

M.No. 023412

Place: Hyderabad

Date: 30-05-2016

**Annexure A to the Auditors Report**

**Annexure referred to in Independent Auditors Report to the Members of CES LIMITED on the standalone financial statements for the year ended 31<sup>st</sup> March 2016, we report that:**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) As explained to us, 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 any 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, 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. The Company has not granted any loans or made any Investments, or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the company.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. (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, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

(b) There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31<sup>st</sup> March 2016 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, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

- viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. The Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, related party disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, 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. Murali & Co.,  
Chartered Accountants  
Firm Registration No 007257S

**P. Murali Mohana Rao**  
Partner  
M.No. 023412

Place: Hyderabad  
Date: 30-05-2016

## **Annexure B 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')**

We have audited the internal financial controls over financial reporting of CES LIMITED ('the company') as of 31<sup>st</sup> march 2016 in conjunction with our audit of standalone 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 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 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 deed 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 martial misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control 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. 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 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 deducted. 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 March 31<sup>st</sup>, 2016, 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. Murali & Co.,  
Chartered Accountants  
FRN: 007257S

P. Murali Mohana Rao  
Partner  
M.No. 023412

Place: Hyderabad  
Date: 30-05-2016



## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. Company overview**

CES LIMITED (Formerly known as Serve All Enterprise Solutions Limited) (The “Company”) is an Information Technology (IT) and Information Technology Enabled Services (ITES) provider, dedicated to serving the midsize market of global enterprises.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified under section 133 of the companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### **2.2 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires 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.

#### **2.3 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.

## **2.4 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.

## **2.5 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.

## **2.6 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.

## **2.7 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.

## **2.8 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.

## **2.9 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.

## **2.10 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.

## **2.11 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.

**CES LIMITED**  
**(Formerly known as Serve All Enterprise Solutions Ltd)**

**Balance Sheet as on 31st March, 2016**

Particulars	Note No	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	13,000,000	13000000
(b) Reserves and Surplus	2	419,398,931	330419045.3
<b>(2) Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	3	-	0
(b) Long Term Borrowings	4	55,485,249	54002143
(c) Long Term Provisions	5	16,919,219	17260879
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	8		
(a) Trade Payables	6	7,119,050	8968536.891
(b) Other Current Liabilities	7	2,924,800	1959276
(c) Short-Term Provisions	8	67,258,836	48710796.29
<b>Total</b>		<b>582,106,085</b>	<b>474320676.4</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
<i>(i) Tangible Assets</i>		188,213,805	142660675
<i>(iii) Capital work-in-progress</i>			
<i>(iv) Intangible assets under development</i>			
<i>(ii) Intangible Assets</i>		40,268,927	25773236.1
<i>(iii) Capital Work in Progress</i>		48,825,767	23869051
(b) Non-current investments	10	34,740,632	34659632
(c) Deferred tax assets (net)	3	(1,138,074)	370707.2977
(d) Long Term Loans and advances	11	22,982,796	51531087.46
<b>(2) Current assets</b>			
(a) Current investments	17		
(b) Inventories	18		
(a) Trade receivables	12	78,680,861	58021945.22
(b) Cash and Bank Balances	13	48,657,857	64471506.25
(c) Short-Term Loans and Advances	14	118,863,140	71546001.01
(d) Other Current assets	15	2,010,374	1416834.87
<b>Total</b>		<b>582,106,085</b>	<b>474320676.2</b>

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.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

P.Murali Mohana Rao  
Partner  
M.No. 023412

Place : Hyderabad  
Date : 30th May, 2016

For and on behalf of the Board  
CES Limited

Mohana Rao Kancharla  
Director

Benarji Mallampati  
Chief Financial Officer

Appa Rao Kancherla  
Director

Surya Prakash M  
Company Secretary

**CES LIMITED**  
**(Formerly known as Serve All Enterprise Solutions Ltd)**  
**Statement of Profit and Loss Account for the year ended 31st March 2016**

Particulars	Note No	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I. Revenue from Operations	16	500,700,664	326,077,927
II. Other Income	17	1,302,218	2,251,738
<b>III. Total Revenue (I +II)</b>		<b>502,002,882</b>	<b>328,329,665</b>
<b>IV. Expenses:</b>			
Cost of materials consumed/ Cost of Software Development	23	-	-
Purchase of Stock-in-Trade	24	-	-
Changes in inventories of Finished goods, WIP and Stock-in-Trade	25	-	-
Employee Benefit expenses	18	267,543,167	193,324,283
Other Operating Expenses	19	36,441,332	24,243,791
Administrative and Selling Expenses	20	52,742,944	30,141,773
Financial costs	21	5,966,938	593,990
Depreciation and amortization expense	9	18,226,311	11,486,095
<b>V. Total Expenses</b>		<b>380,920,691</b>	<b>259,789,931</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		<b>121,082,191</b>	<b>68,539,734</b>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax ( V - VI)		<b>121,082,191</b>	<b>68,539,734</b>
VIII. Extraordinary Items		-	-
VI. Profit Before Tax (III - V)		<b>121,082,191</b>	<b>68,539,734</b>
VII. Tax expense:			
(1) Current tax		30,593,525	23,889,100
Less: MAT Credit		-	-
<b>Net Current Tax</b>		<b>30,593,525</b>	<b>23,889,100</b>
(2) Deferred tax		1,508,781	(1,641,638)
XI. Profit(Loss) from the perid from Continuing Operations ( VII - VIII)		<b>88,979,885</b>	<b>46,292,273</b>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
VIII. Profit/(Loss) for the period		<b>88,979,885</b>	<b>46,292,273</b>
IX. Earnings per equity share: (Refer Note No. 29)			
(1) Basic		68.45	35.61
(2) Diluted		68.45	35.61

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.Murali & Co.,  
Chartered Accountants  
Firm Regn. No: 0072575

P.Murali Mohana Rao  
Partner  
M.No. 023412

Place : Hyderabad  
Date : 30th May, 2016

For and on behalf of the Board  
CES Limited

Mohana Rao Kancharla      Appa Rao Kancharla  
Director                              Director

Benarji Mallampati      Surya Prakash M  
Chief Financial Officer      Company Secretary

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Year Ended 31-03-2016 (Rs.)	Year Ended 31-03-2015 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	<b>121,082,191</b>	<b>68,539,734</b>
Adjustments for:		
Interest	5,966,938	593,990
Depreciation	18,226,311	11,486,095
Loss on sale of Fixed Asset	111,656	
Operating Profit before working capital changes	145,387,096	80,619,819
Adjustments for:		
Trade and other receivables	(20,658,915)	(21,284,754)
Short Term Loans and Advances	(47,317,139)	(13,111,862)
Other Current Liabilities	965,524	21,613,135
Short Term provisions	18,548,040	4,575,502
Trade payables	(1,849,487)	689,579
Other Current assets	(593,539)	63,523
Cash generated from operations	94,481,579	73,164,942
Direct taxes	(30,593,525)	(23,889,100)
Cash flow before extraordinary items	63,888,054	49,275,842
Extraordinary items	-	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>63,888,054</b>	<b>49,275,842</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(103,983,504)	(109,499,043)
Sale of vehicle	640,000	
Investment in Non-Current Investments	(81,000)	-
Net Cash Used In Investing Activities	<b>(103,424,504)</b>	<b>(109,499,043)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(5,966,938)	(593,990)
Long Term Liabilities	1,483,106	38,417,482
Long Term Provisions	(341,660)	-
Long Term Loans and Advances	28,548,291	7,767,294
Adjustment in Retained Earnings	-	(1,595,164)
Net Cash Flow From Financing Activities	<b>23,722,799</b>	<b>43,995,621</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,813,650)</b>	<b>(16,227,580)</b>
Cash and Cash equivalents ( Opening Balance)	64,471,506	80,699,082
Cash and Cash equivalents ( Closing Balance)	<b>48,657,857</b>	<b>64,471,506</b>

AS PER OUR REPORT OF EVEN DATE

**For P.Murali & Co.,**  
Chartered Accountants  
Firm Regn. No: 007257S

**P.Murali Mohana Rao**  
Partner  
M.No. 023412

Place : Hyderabad.  
Date : 30th May, 2016

**Benarji Mallampati**  
Chief Financial Officer

For and on behalf of the Board  
**CES Limited**

**Mohana Rao Kancharla**   **Appa Rao Kancharla**  
Director                      Director

**Surya Prakash Mungelkar**  
Company Secretary

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

Notes to Financial Statements for the year ended 31st March, 2016

**NOTE NO. 1 : SHARE CAPITAL**

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Equity Share Capital		
	(a) Authorised		
	(2,01,00,000 Shares of 10/- each Current Year )	-	-
	(2,01,00,000 Shares of 10/- each Previous Year )	201,000,000	201,000,000
		<b>201,000,000</b>	<b>201,000,000</b>
	(b) Issued		
	(13,00,000 Shares of 10/- each Current Year )	-	-
	(13,00,000 Shares of 10/- each Previous Year )	13,000,000	13,000,000
	(c) Subscribed & Fully Paid Up		
	(13,00,000 Shares of 10/- each Current Year )	-	-
	(13,00,000 Shares of 10/- each Previous Year )	13,000,000	13,000,000
	<b>Total Equity Share capital</b>	<b>13,000,000</b>	<b>13,000,000</b>
II	<b><u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u></b>		
	<b>Equity Shares of Rs.10Each, Fully paid up</b>		
	At the Beginning	1,300,000	1,300,000
	Issued during the year	-	-
	At the end	<b>1,300,000</b>	<b>1,300,000</b>
III	<b><u>Details of Shareholder holding more than 5% shares of the company:</u></b>	<b>% of Share Holding</b>	
	<b>Equity Shares of Rs. 10 each Held By</b>		
	Ram Kancharla - 367,150 Shares (C.Y ) ..... 367,150 Shares ( P.Y)	28.24	28.24
	Venkateswara Rao.D - 315,650 Shares (C.Y ) ..... 315,650 Shares ( P.Y)	24.28	24.28
	Pokuri Swarnalatha - 113,040 Shares (C.Y ) ..... 113,040 Shares ( P.Y)	8.70	8.70
	M.Babu Rao - 71,800 Shares (C.Y ) ..... 71,800 Shares ( P.Y)	5.52	5.52

**NOTE NO. 2 : RESERVES AND SURPLUS**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>RESERVES AND SURPLUS</b>		
	a) General Reserves		
	As at the commencement of the year	45,688,367	47,283,531
	Less: Transferred towards depreciation under Companies Act 2013	-	1,595,164
		<b>45,688,367</b>	<b>45,688,367</b>
	b) Capital Reserve (Sharewarrants forfeited)	87,000,000	<b>87,000,000</b>
	c) Surplus :		
	i) Opening Balance - Profit and Loss Account	197,730,679	151,438,406
	Add: Transfer from Profit & Loss Account	88,979,885	46,292,273
		<b>286,710,564</b>	<b>197,730,679</b>
		-	-
	<b>Total Reserves and Surplus</b>	<b>419,398,931</b>	<b>330,419,046</b>



**NOTE NO. 3: DEFERRED TAX LIABILITY ( NET )**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	6,517,927	5,860,425
	Add:		
	Deferred Tax Liability for the year	2,156,594	657,502
	<b>Gross Deferred tax Liability</b>	<b>8,674,521</b>	<b>6,517,927</b>
	Opening Deferred tax Asset	6,888,635	4,589,494
	Provision for Gratuity and Compensated Absences	(647,813)	2,299,141
	<b>Gross Deferred tax Asset</b>	<b>7,536,447</b>	<b>6,888,635</b>
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>1,138,074</b>	<b>(370,707)</b>

**NOTE NO. 4 : LONG TERM BORROWINGS**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a)Long Term Loans:		
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	54,847,271	53,364,166
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	637,977	637,977
	<b>Total Long Term Liabilities</b>	<b>55,485,249</b>	<b>54,002,143</b>

**NOTE NO. 5 : LONG TERM PROVISIONS**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	- Provision for Gratuity	16,919,219	17,260,879
	<b>Total Long Term Provisions</b>	<b>16,919,219</b>	<b>17,260,879</b>

**NOTE NO. 6 : TRADE PAYABLES**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Trade Payables	7,119,050	8,968,537
	<b>Total Trade Payables</b>	<b>7,119,050</b>	<b>8,968,537</b>

**NOTE NO. 7 : OTHER CURRENT LIABILITIES**

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Statutory Liabilities		
	TDS Payable	1,915,708	1,527,079
	Swacha Bharat Cess Payable	4,550	-
	Service Tax Payable	921,571	203,851
	Professional Tax Payable	82,971	128,343
II	Other Liabilities		
	Deposit received from the Director	-	100,000
	<b>Total Other Current Liabilities</b>	<b>2,924,800</b>	<b>1,959,276</b>

**NOTE NO. 8 : SHORT TERM PROVISIONS**

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	21,615,211	20,276,533
	Bonus Payable	-	654,068
	ESI Payable	69,287	110,589
	PF Payable	1,088,382	1,227,341
		<b>22,772,880</b>	<b>22,268,530</b>
	b) Others		
	Provision for Income Tax	29,923,640	26,067,266
	Consultancy Charges Payable	13,862,316	75,000
	Audit Fee Payable	200,000	300,000
	Other Provisions	500,000	-
		<b>44,485,956</b>	<b>26,442,266</b>
	<b>Total Short Term Provisions</b>	<b>67,258,836</b>	<b>48,710,796</b>

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

NOTE NO. 9 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2016

Sl. No.	Particulars	Gross Block				Depreciation/Amortization					Net Block as on 31.03.2016	Net Block as on 31.03.2015
		As on 01.04.2015	Additions during the year	Deletions during the year	As on 31.03.2016	Dep. As on 01.04.2015	Trf to retained earnings	Depreciation on Deletions	Dep. For the year 2015-16	Total Depreciation		
	<b><u>TANGIBLE &amp; INTANGIBLE ASSETS</u></b>											
1	BUILDINGS (HYDERABAD)	94,272,594	22,695,183	-	116,967,777	671,964	-	-	1,742,731	2,414,695	114,553,082	93,600,630
2	COMPUTERS & SOFTWARE	65,158,132	11,593,053	-	76,751,185	56,420,395	-	-	8,488,397	64,908,792	11,842,393	8,737,737
3	OFFICE EQUIPMENT	12,797,437	10,818,995	-	23,616,432	9,667,340	-	-	2,771,925	12,439,265	11,177,167	3,130,097
4	FURNITURE AND FIXTURES	9,442,799	15,954,610	-	25,397,409	6,188,364	-	-	1,531,242	7,719,606	17,677,803	3,254,435
5	MOTOR VEHICLES	4,903,538	480,526	787,500	4,596,564	2,238,982	-	35,844	316,109	2,519,247	2,077,317	2,664,556
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	236,090	-	-	25,295	261,385	2,242,865	2,268,160
7	BUILDING (SIPCOT)	31,096,570	125,037	-	31,221,607	2,091,510	-	-	486,919	2,578,429	28,643,178	29,005,060
					-					-		
1	INTANGIBLE ASSETS: GOODWILL	28,636,929	17,359,384	-	45,996,313	2,863,693	-	-	2,863,693	5,727,386	40,268,927	25,773,236
	<b><u>CAPITAL WORK IN PROGRESS</u></b>				-					-		
1	LEASE HOLD LAND (VSP)	23,869,051	24,956,716	-	48,825,767	-	-	-		-	48,825,767	23,869,051
										-		
	<b>TOTAL</b>	<b>272,681,300</b>	<b>103,983,504</b>	<b>-</b>	<b>375,877,304</b>	<b>80,378,338</b>	<b>-</b>	<b>-</b>	<b>18,226,311</b>	<b>98,568,805</b>	<b>277,308,499</b>	<b>192,302,962</b>
	<b>PREVIOUS YEAR</b>	<b>161,587,093</b>	<b>111,094,206</b>	<b>-</b>	<b>272,681,299</b>	<b>67,297,079</b>	<b>1,595,164</b>	<b>-</b>	<b>11,486,095</b>	<b>80,378,337</b>	<b>192,302,962</b>	<b>94,290,014</b>

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

**Notes to Financial Statements for the year ended 31st March, 2016**

**NOTE NO. 10 : NON- CURRENT INVESTMENTS**

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Non- Current Assets		
	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.	34,589,632	34,589,632
	2) CES Information Technologies Pvt. Ltd. 7000 (Previous year 7000) equity shares of Rs. 10/- fully paid up.	70,000	70,000
	3) CES Global IT Solutions Private Limited. 3,000 equity shares of Rs. 10/- fully paid up.	30,000	-
	4) CES Technology Services Private Limited. 5,100 equity shares of Rs. 10/- fully paid up.	51,000	-
	<b>Total Non - Current Investments</b>	<b>34,740,632</b>	<b>34,659,632</b>

**NOTE NO. 11 : LONG TERM LOANS AND ADVANCES**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>Loans and Advances to Related Parties</b>		
	Unsecured, Considered Good	15,273,844	41,934,397
II	<b>Security Deposit</b>		
	Secured, Considered Good	7,708,952	9,596,691
	<b>Total Long term Loans and Advances</b>	<b>22,982,796</b>	<b>51,531,087</b>

**NOTE NO. 12 : TRADE RECEIVABLES**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
	Unsecured, Considered Good	-	-
	<b>Other Receivables:</b>		
	Unsecured, Considered Good	82,281,304	61,622,388
		82,281,304	61,622,388
	Less: Provision for Doubtful Debts	3,600,443	3,600,443
	<b>Total Trade Receivables</b>	<b>78,680,861</b>	<b>58,021,945</b>

Amount due by the Companies in which any directors is director, Partner or Member

CES USA Inc	(22,864,605)	(13,424,328)
Computech Corporation	13,958,047	37,091,819
	<b>(8,906,558)</b>	<b>23,667,491</b>

**NOTE NO. 13 : CASH AND BANK BALANCES**

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	40,549,667	50,513,655
	2) Bank deposits with more than 12 months maturity	1,040,000	50,000
	3) Bank deposits with less than 12 months maturity	7,022,500	13,900,000
	b) Cash on hand	45,690	7,851
	<b>Total Cash and Cash Equivalents</b>	<b>48,657,857</b>	<b>64,471,506</b>

**NOTE NO. 14 :SHORT TERM LOANS AND ADVANCES**

		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	<b>Advances Recoverable in Cash or in kind</b>		
	Unsecured, Considered Good		
	Loans and Advances to Employees	4,394,012	1,360,003
	Prepaid Expenses	2,160,180	3,955,945
	Advance for Expenses	3,047,990	617,713
	Service Tax Input Credit	21,778,730	15,096,084
	Advance for Immovable Property	11,333,940	-
	Advance Tax and TDS Receivable	70,709,111	50,516,256
	Other Advances	5,439,177	-
	<b>Total Loans and Advances</b>	<b>118,863,140</b>	<b>71,546,001</b>

**NOTE NO. 15 : OTHER CURRENT ASSETS**

		As on 31-03-2016	As on 31-03-2015
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,010,374	1,416,835
	<b>Total Other Current Assets</b>	<b>2,010,374</b>	<b>1,416,835</b>

**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

Notes to Financial Statements for the year ended 31st March, 2016

**NOTE NO. 16 : REVENUE FROM OPERATIONS**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	3,315,130	2,880,173
	Export Sales	497,385,534	323,197,754
	<b>Total Revenue from Operations</b>	<b>500,700,664</b>	<b>326,077,927</b>

**NOTE NO. 17 : OTHER INCOME**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I	(a) Interest income	1,302,218	2,251,738
	<b>Total Other Income</b>	<b>1,302,218</b>	<b>2,251,738</b>

**NOTE NO. 18 : EMPLOYEE BENEFIT EXPENSES**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	250,469,379	177,921,724
	(b) Contribution to Provident & Other Funds	6,061,403	7,784,020
	(c) Staff Welfare Expenses	11,012,385	7,618,539
	<b>Total Employee Benefit Expenses</b>	<b>267,543,167</b>	<b>193,324,283</b>

**NOTE NO. 19 : OTHER OPERATING EXPENSES**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I	(a) Electricity Charges	8,449,900	4,845,891
	(b) Rent	16,762,215	13,077,023
	(c) Repairs to Computers and Equipments	2,446,004	1,377,497
	(d) Insurance	2,329,146	2,372,221
	(e) Net exchange loss / (Gain ) on foreign currency transactions	6,454,066	2,571,159
	<b>Total Other Operating Expenses</b>	<b>36,441,332</b>	<b>24,243,792</b>

**NOTE NO. 20: ADMINISTRATIVE AND SELLING EXPENSES**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I	(a) Telephone, Postage and Others	8,210,806	4,407,725
	(b) Advertisement Expenses	281,318	189,710
	(c) Conveyance & Travelling Expenses	16,508,494	7,340,372
	(d) CSR Expenditure	1,385,674	-
	(e) Office Maintenance	11,336,771	5,741,295
	(f) Printing & Stationery Expenses/Subscriptions	515,922	907,043
	(g) Security Charges	1,635,841	969,405
	(h) Rates & Taxes (excluding Income Tax)	413,335	710,975
	(i) Computer Hire Charges	5,320,870	3,123,872
	(j) Professional and Consultancy fee	6,822,256	2,850,933
	(k) Provision for Doubtful Debts / Bad Debts	-	3,600,443
	(l) Loss on Sale of Vehicle	111,656	-
	(m) Payment to Auditors:		
	(i) As Auditor	200,000	100,000
	(ii) For Taxation Matters	-	200,000
	<b>Total Administrative and Selling Expenses</b>	<b>52,742,944</b>	<b>30,141,773</b>

**NOTE NO. 21 : FINANCE COST**

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Finance	94,817	100,823
	- Loan processing Charges & Bank Charges	5,872,120	493,167
	<b>Total Finance Cost</b>	<b>5,966,938</b>	<b>593,990</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016:

### 22. Expenditure in foreign currency:

	Year Ended <b><u>31.03.2016(Rs)</u></b>	Year Ended <b><u>31.03.2015(Rs)</u></b>
Foreign travelling	94,42,838/-	29,02,188/-
Professional & Consultancy Fees	43,52,580/-	-
Purchase of Capital Goods	84,68,630/-	-

Earning in foreign exchange as reported by the Company to Government of India and as certified by the management

	Year Ended <b><u>31.03.2015(Rs)</u></b>	Year Ended <b><u>31.03.2015(Rs)</u></b>
Foreign exchange inflow	49,73,85,534/-	32,31,97,754/-

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

24. The balances receivable from debtors and payable to creditors at the year-end are subject to confirmation from the respective debtors and creditors.

### 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	2015-16	2014-15
1	CES USA Inc.	Common directors	Services rendered	Rs.2,25,46,090/-	Rs.4,24,98,018/-
2	Computech Corporation	Common directors	Services rendered	Rs.9,32,73,709/-	Rs.14,21,63,908/-
3	CES Information Systems Pvt. Limited.	Common directors	Services rendered	Rs.25,07,511/-	-
4	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 7,26,000/-	Rs. 1,20,000/-
5	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 9,91,000/-	Rs. 7,35,000/-
6	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs.5,06,000/-	Rs. 2,80,500/-



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 31 <sup>st</sup> March 2016	IT Services	IT Enabled Services	Total
Revenues	1,013.85	3,993.16	5,007.01
Direct Expenses	585.17	2,090.26	2,675.43
<b>Gross Income</b>			<b>2,331.58</b>
Less: Un-allocated Expenses			1,074.11
Less: Interest and Other Expenses (NET)			59.67
<b>Add: Interest Income</b>			<b>13.02</b>
<b>Net Profit Before Taxes</b>			<b>1,210.82</b>
Income Taxes			321.02
<b>Net Profit After Taxes</b>			<b>889.80</b>

**GEOGRAPHICAL SEGMENTS:**

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March 2016.</b>	<b>USA</b>	<b>DOMESTIC</b>	<b>Total</b>
Revenues	4,973.86	33.15	5,007.01
Direct Expenses	2,657.72	17.71	2,675.43
<b>Gross Income</b>			<b>2,331.58</b>
Less: Un-allocated Expenses			1,074.11
Less: Interest and Other Expenses (NET)			59.67
<b>Add: Interest Income</b>			<b>13.02</b>
<b>Net Profit Before Taxes</b>			<b>1,210.82</b>
Income Taxes			321.02
<b>Net Profit After Taxes</b>			<b>889.80</b>

27. Calculation of EPS as per the AS -20 for the year ending 31<sup>st</sup> March, 2016.

	<b><u>Rs.</u></b>
Profit available to the equity shareholders	8,89,79,885/-
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	68.45
Diluted Earnings per Share	68.45

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  
For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No. 007257S

For and on behalf of the Board of Directors of  
**CES LIMITED**  
(Formerly known as Serve All Enterprise Solutions Ltd)

P. Murali Mohana Rao  
Partner  
Membership No. 023412

Mohana Rao Kancharla  
Director

Appa Rao Kancharla  
Director

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2016.

Benarji Mallampati  
Chief Financial Officer

Surya Prakash Mungelkar  
Company Secretary