



CES LIMITED

CIN: L55100TG1985PLC045963

ANNUAL REPORT

2016 - 2017

BOARD OF DIRECTORS

Mr. Murali Krishna Tummala(1889806)
Mr. Duruvasan R (00223052)
Mr. Mohana Rao Kancharla (00004288)
Mr. Rama Krishna Sebbineni (01825682)
Mr. Venkat Davarapalli (00028498)
Mr. Sai Krishna Kancharla (07775575)
Mr. Appa Rao Kancharla (2532842)
Mrs. Aruna Krishna Sabbineni(06997005)

Chairman and Independent Director
Independent Director
Whole –Time Director
Alternate Director (Venkat D)
Director
Director
Alternate Director (Sai Krishna K)
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
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

7th Floor, Tower –A, Ramky
Selenium, Nanakramguda,
Gachibowli, Hyderabad- 500032
Hyderabad-500 032
Ph: 040 42421122
Fax: 040 66259444

SHARE TRANSFER AGENTS

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

info@cesltd.com
www.cesltd.com

LISTING AT

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

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NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of M/s. CES LIMITED will be held on Friday, 29th day of September 2017, at 4:00P.M.at the Registered Office of the Company at, **7th 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 2017 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 Mr Venkat Davarapalli (00028498) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint 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 pursuant to Section 139(2) of the Companies Act 2013 & subject to Companies (Audit & Auditors) Rules 2014, **M/s. Chandra Babu Naidu & Co., (FRN: 016016S)**, Chartered Accountants, Hyderabad as Statutory Auditors of the Company w.e.f the Conclusion of this Annual General Meeting for a term of Five Years subject to ratification at every Annual General Meeting and fix their remuneration”.

“RESOLVED FURTHER 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 32nd Annual General Meeting, the appointment of 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 2018, be ratified by the members on a remuneration as may be decided by the Board of Directors”.

SPECIAL BUSINESS:

4. Appointment of **Mr. Sai Krishna Kancharla (07775575)** as Director.
To consider and, if thought fit, to pass, with or without modifications, the following resolution as an

ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force)

made there under read with Schedule V to the Act, **Mr. Sai Krishna Kancharla** (07775575), who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a notice in writing from a member proposing the candidature for the office of the Director of the Company, be and is hereby appointed as Director.”

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, **Mr. Sai Krishna Kancharla** (07775575) be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient to give effect to the foregoing resolution.”

PLACE: HYDERABAD

DATE: 06/09/2017

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 25 September (Monday) 2017 to, 29 September (Friday) 2017. (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 31.03.2017 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 32nd 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 32nd 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.
10. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for the financial period ended on 31.03.2017 will also be available on the Company's website 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.
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 32nd 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 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

DIRECTORS' REPORT

To
The Members of
M/s. CES LIMITED

The Directors have pleasure in presenting the 32nd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March 2017 (01.04.2016 to 31.03.2017).

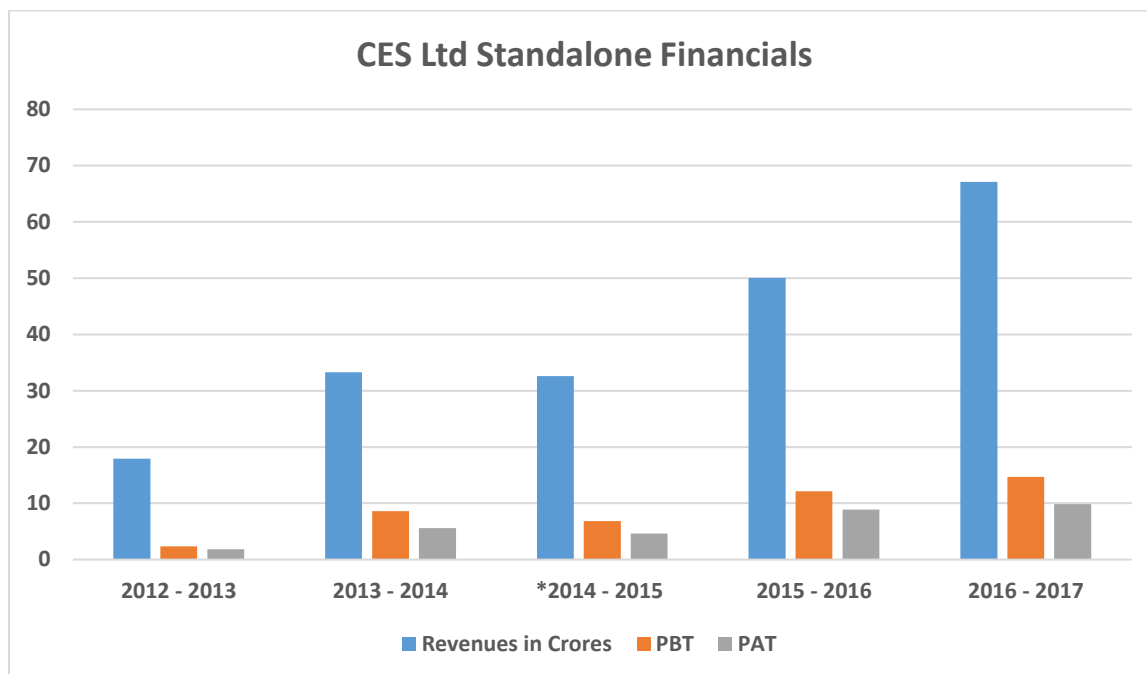
FINANCIAL RESULTS

	Consolidated		Standalone	
	2016-2017	2015-2016	2016-2017	2015-2016
	Rs.	Rs.	Rs.	Rs.
Net Revenue	2,258,960,243	1,757,004,309	671,065,932	500,700,664
Profit Before Depreciation	268,980,869	239,175,016	167,368,943	139,308,502
Depreciation	53,468,140	36,732,642	20,675,311	18,226,311
Profit Before Taxation	215,512,729	202,442,374	146,693,632	121,082,191
Provision for Taxation	69,027,094	54,672,769	47,952,568	32,102,306
Profit after Taxation	146,485,635	147,769,606	98,741,064	88,979,885
Brought Forward Profit/(Loss)	364,071,900	216,302,294	286,710,564	197,730,679
Balance carried to Balance Sheet	510,557,535	364,071,900	385,451,628	286,710,564

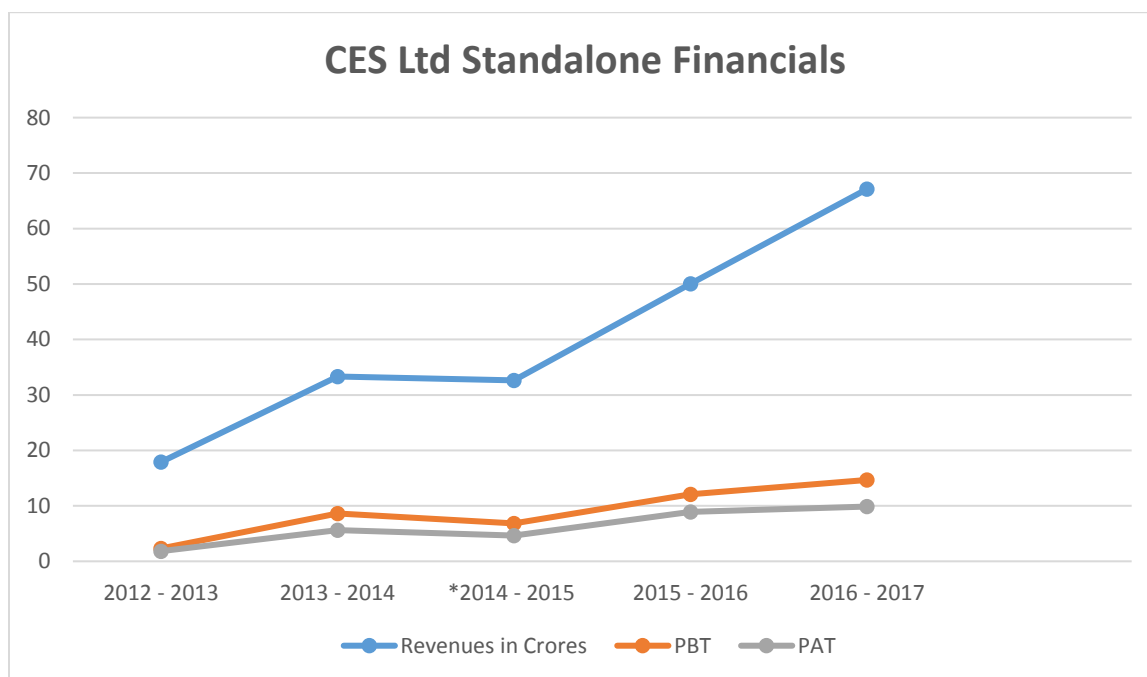
BUSINESS PERFORMANCE OF THE COMPANY

Standalone: Our revenue for financial year 2016-17 is Rs. 671.07 Million and our profit after tax (PAT) Rs. 98.74 Million.

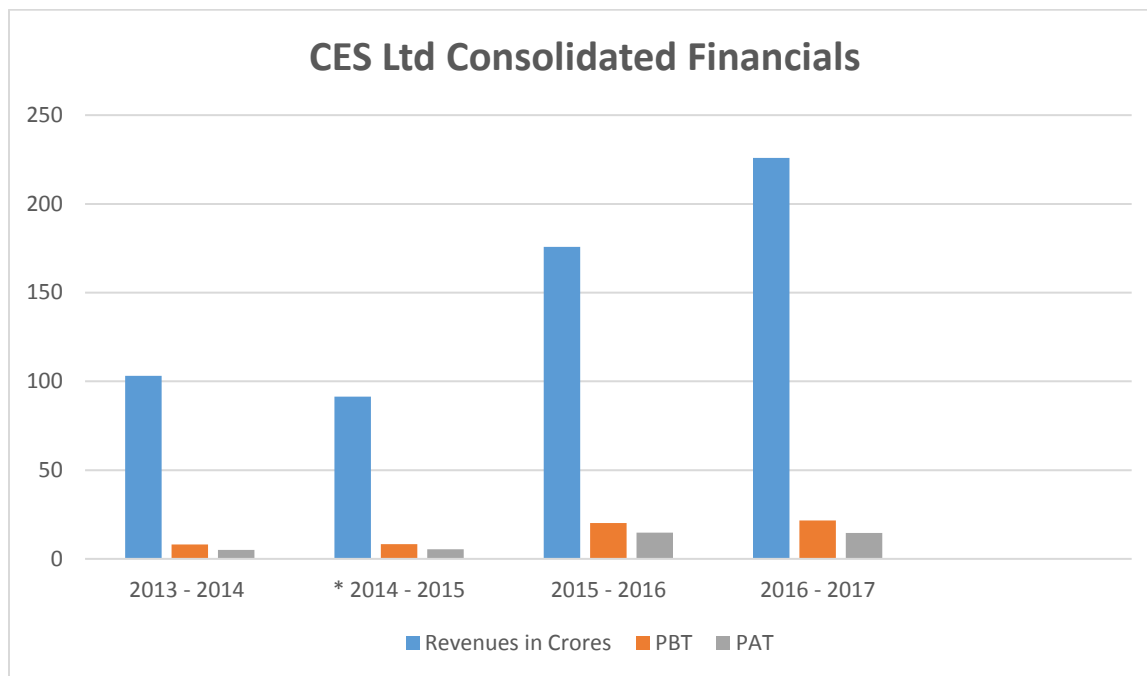
Consolidated: Our consolidated financial results for financial year 2016-17 is Rs.2,258.96 Million and our consolidated profit after tax (PAT) is Rs. 146.49 Million.



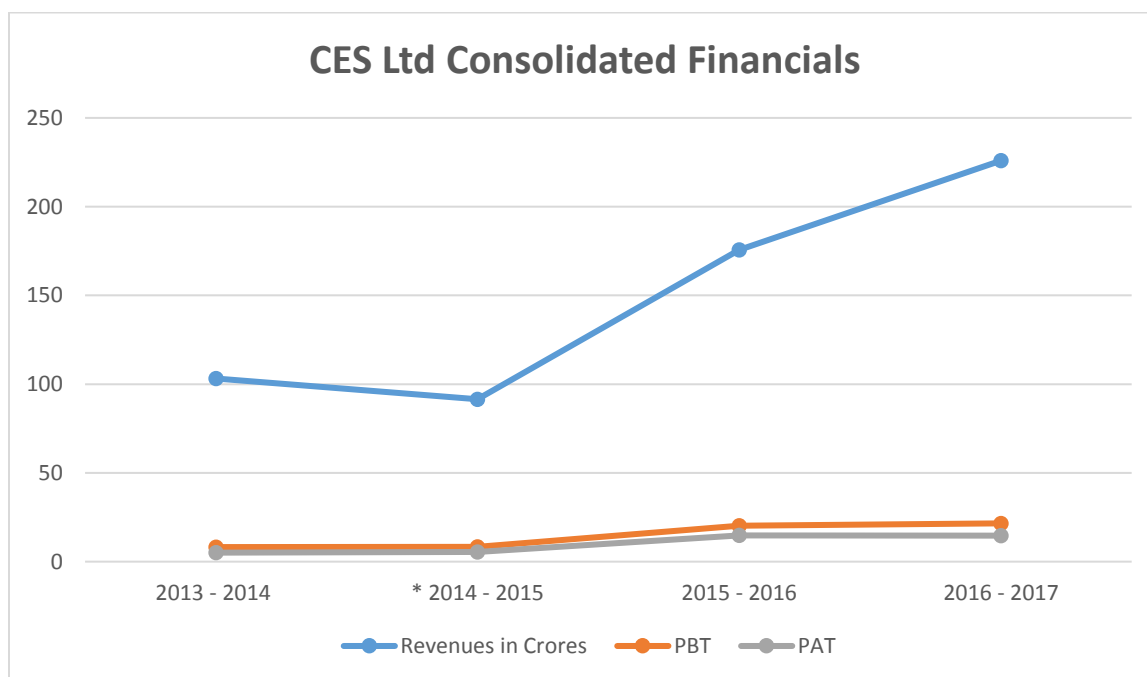
* 2014 - 2015 Financials are for 9 months.



* 2014 - 2015 Financials are for 9 months.



* 2014 - 2015 Financials are for 9 months.



* 2014 - 2015 Financials are for 9 months.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDER RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

DURING THE FINANCIAL YEAR 2016-2017, SEVEN BOARD MEETINGS WERE HELD AS FOLLOWS:

06.04.2016, 30.05.2016, 13.08.2016, 06.09.2016, 14.11.2016, 14.02.2017, 30.03.2017.

FINANCIALS OF SUBSIDIARY COMPANY

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

EXTRACT OF ANNUAL RETURN

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) That in the preparation of the annual accounts/financial statements for the financial year ended 31st March 2017, 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))

The Company had entered into any contract/ arrangement with it whole own U S a Subsidiary i.e. CES USA Inc. The Board of Directors and Shareholders of the Company has approved the contract up to 30th December,2019.

EXPANSION OF BUSINESS SPACE, GACHIBOWLI, HYDERABAD:

The company has purchased 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.

The Company had furnished Fourth Floor with high quality of Infrastructure and started its business operations in month of June, 2017. The Seating capacity is for 350 Employees.



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 2016-17:

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	31.03.2017	31.03.2016
Foreign Exchange Earnings (Rs.)	670,888,511/-	497,385,534/-
Foreign Exchange Outgo :		
Foreign Travelling (Rs.)	10,870,780/-	9,442,838/-
Professional & Consultancy Fees (Rs.)	2,686,688/-	4,352,580/-
Purchase of Capital Goods (Rs.)	2,018,852/-	8,468,630/-

AUDITORS

Statutory / Financial Audit

The provisions of Section 139(2) of the Companies Act 2013 and the Rules made there-under, mandated the Company to rotate its existing Statutory Auditors. The term of the existing Auditors M/s. P Murali & C., expires for the FY 2016-17, i.e till the conclusion of ensuing Annual General meeting to be held on 29th September 2017.

In this regard, Board of Directors of the Company (on recommendation of Audit Committee) in its meeting held on 29th August 2017, has, subject to approval of shareholders in the ensuing Annual General meeting to be held on 29th September 2017, approved the appointment of M/s. Chandra Babu Naidu & Co., (FRN: 016016S), Chartered Accountants, as the Statutory Auditors of the Company for a period of Five Years w.e.f from the Conclusion of this Annual General Meeting, subject to ratification at every Annual General Meeting.

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. 1,02,73,844/-Loan to its Subsidiary Company I.e CES informationTechnology Private Limited.

DISPUTES IF ANY

The Company has initiated arbitration action against Mr. Ramulu Kambalapuram , for solicitation of clients, employees and breach of trust and duty in one of the Subsidiary Companies, CES Technology Services Private Limited, pursuant to the Share Purchase Agreement read with Shareholders Agreement. Earlier, Mrs. Mamatha Mandadi has initiated arbitration against the Company for an alleged failure by the Company of its responsibilities under the above Agreements. Now the claims of the Company against both Mr. Ramulu and Mrs. Mamatha will be adjudicated together through arbitration.

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDIAN ITES (BPM) INDUSTRY – DEVELOPMENTS AND OUTLOOK

Indian IT/ITES - Business Process Management (BPM) industry is estimated to grow at a rate of 8% in FY2017 , growing from USD 143 Billion in FY 2016 to USD 154 Billion in FY 2017. The Indian IT-BPM industry is feeling the impact of the global slowdown and global political uncertainties as clients go slow on their decision making and investment processes. Exports are likely to record a 7.6% growth to reach over USD 117 Billion up by USD 9 Billion over last year. Domestic IT BPM market is at USD 38 Billion and grew by a little over 8%.

The BPM Sector in India has grown over 1.6 times in the last 5 years and is expected to touch revenues of USD 30 Billion – increase of 2 Billion over previous year. BPM industry share in total IT /ITES (BPM) Industry is increasing and for the year the share was at 19%. Exports contribute 87% of total BPM while the remaining 13% is from domestic BPM.

Exports

BPM exports are driven by Business Process as-a- Service (BPaaS), mobility and advanced analytics. Retail, healthcare, utilities will generate significant opportunities for this sector. It grew by 7.5% in FY 2017 to touch USD 26.3 Billion as compared to USD 24.2 Billion in the previous year.

Domestic

Domestic BPM segment is largely driven by BFSI, telecom and Ecommerce; also Government's Digital India initiatives is a key growth factor and development of BPM infrastructure will directly impact growth of this segment. Domestic BPM industry is likely to grow over 5% to USD 3.8 Billion.

FUTURE OUTLOOK

By 2020, as per NAASCOM, India's IT/ITES (BPM) industry total revenue is projected to touch USD 200 – 225 Billion and between USD 350 – 440 Billion by 2025. Digital technologies will continue to grow at a faster pace and revenues from this will have a share of 23% in 2020 and greater than 38% in 2025. Lots of opportunity for the Indian service providers in this digital space, as digital technologies continues to be embedded in an ever widening range of products and services.

The dynamics of Indian ITES (BPM) industry has shifted from a cost based to a value based proposition with benefits accruing to the Client is paramount consideration than cost reduction. Indian BPM service providers have to reach out to new cadre of Customers, place more focus on customer satisfaction, and migrate processes to business process as-a-service (BPaaS) and use analytics as an integral part of their services. The future outlook for Indian BPM industry points towards new business model and expansion to new geographies, verticals and markets.

As per NASSCOM, the business fundamentals in the ITES (BPM) segment are robust and the industry is poised to grow to a revenue of USD 54 billion by 2025.

OPPORTUNITIES

The constant focus on process improvement by automation and continuous benchmarking of delivery to improve focus, have resulted in customer satisfaction every time. Our customers stand testimony to our track record of providing outstanding customer experience and maximizing their Return on Investment. ***Building Lasting Relationships*** has always been our culture and that focus enables us to deliver enhanced business value, a culture that inspires our actions and is a part of our DNA.

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

THREATS

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

(b) Segment-wise.

SEGMENT WISE RESULTS (STANDALONE):

BUSINESS SEGMENT:

(Rs. In Lacs)

PARTICULARS	2016-17		2015-16	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	1,029.17	5,681.49	1,013.85	3,993.16
Profit Before Taxes	224.97	1,241.97	245.15	965.67
Provision for Taxes	73.53	406.00	64.99	256.03
Profit After Taxes	151.44	835.97	180.16	709.64

GEOGRAPHICAL SEGMENT:

PARTICULARS	2016-17		2015-16	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	6,708.89	1.77	4,973.86	33.15
Profit Before Taxes	1,466.55	0.39	1,202.68	8.14
Provision for Taxes	479.40	0.13	318.83	2.19
Profit After Taxes	987.15	0.26	883.85	5.95

SEGMENT WISE RESULTS (CONSOLIDATED):**BUSINESS SEGMENT:**

(Rs. In Lacs)

PARTICULARS	2016-17		2015-16	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	2,845.32	19,744.28	2,705.02	14,865.03
Profit Before Taxes	271.45	1,883.68	311.62	1,712.81
Provision for Taxes	76.94	613.33	84.14	462.59
Profit After Taxes	194.51	1,270.35	227.48	1,250.22

GEOGRAPHICAL SEGMENT:

PARTICULARS	2016-17		2015-16	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	22,471.15	118.45	17,536.90	33.15
Profit Before Taxes	2,143.82	11.31	2,020.25	4.18
Provision for Taxes	686.66	3.61	545.47	1.26
Profit After Taxes	1,457.16	7.70	1,474.78	2.92

(c) Risks and concerns.**BUSINESS RISKS.**

The International business is affected by the global slowdown and we are actively increasing the marketing activity both by increasing the sales force as well as increase the marketing team and by doing more targeted marketing. The offshore servicing business which yields exports revenue has not grown and it continues to have a lower Capacity Utilization. We have teams in US as well as consultants will keep putting efforts to grow this business.

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

INDIAN COMPLIANCE AND TAXATION RISK

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

The Central Government has proposed to introduce the new Goods and Services Tax (GST) during the financial year 2017-18. Our Company has taken necessary steps to ensure smooth transition to GST regime.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a threat. There has been volatility in the exchange rate between INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. While the rupee was range bound between INR 66-INR 68 against the USD for most part of the year, there was a sudden movement of the rupee towards the last fortnight of the financial year where in the rupee appreciated above INR 65. We are currently adopting hedging strategies as approved by the Board and in addition use bank balances in foreign currency to meet our foreign currency liabilities. Also the increase in share of domestic revenue will mitigate this risk to an extent. Our results of operation will be affected if the rupee- dollar rates continues to behave in a volatile manner in future or rupee appreciates significantly against dollar and other currencies. Our consolidated results are affected by translation as revenues by subsidiaries are mainly in USD.

GEOGRAPHICAL CONCENTRATION OF CLIENTS

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

INFRASTRUCTURE RISKS

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

HUMAN RESOURCES RISK

ITES (BPM) industry is a labour intensive industry and the Company's success depends on its ability to retain key employees. Historically employee attrition has been a common feature in this Industry and but our Company has a low level of attrition compare to industry . There have been cases of companies losing KPO orders for not being able to demonstrate a competent team that can manage a large workforce. Increasing level of attrition further complicates the problem.

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

(d) Internal control systems and their adequacy:

CES Limited (CES) has adequate internal controls and checks in place for 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 2017: 2018

ISO 9001: 2015 International Standard for Quality Management System (QMS)

ISO 27001: 2013 – International Standard for Information Security Management System (ISMS)

CMMI- SVC Maturity Level 3 : Service Management Process System

Payment Card Industry, Data Security Standard (PCIDSS): V3.2 - Compliance for Order and Payment processing and Customer support services

Our Corporate Quality team is well trained on all International Standards & Industry Specific Compliance Requirements and have good competency in performing audits efficiently and effectively.

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 or early 2018

(e) Material developments in Human Resources

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

Employment Practices

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

Activities at CES Limited

The Company conducts various activities at CES Limited from time to time, in the financial year 2016-17. Company has Conducted Sapling Trees in Government School.



The Company provides harassment free atmosphere to its employees, Specially Women employee of the Company and so a work shop on “Harassment of Employees at work Place conducted by Management making all the women employees aware about the Policy.



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

(i) Non-Executive Directors:	
(a) Promoter Group	Mr. Sai Krishna Kancharla
	Mr. Rama Krishna Sabbineni
	Mrs. Aruna Krishna Sabbineni
(b) Independent	Mr.Duruvasan R
	Mr.Murali Krishna Tummala
(ii) Executive Director:	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 st March, 2017	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	6	Y	-	-	-	-
Mr.Mohan Kancharla	6	Y	7	-	-	-
Mr.Duruvasan Ramachandra	4	Y	1	-	-	-
Mrs. Aruna Krishna Sabbineni	1	NA	2	-	-	-
Mr. Murali Krishna Tummala	3	Y	4	-	-	-
Rama Krishna Sabbineni	3	NA	2			

*Mr.Appa Kancharla who is Alternate Director for Mr. Ram Kancharla has resigned w.e from 04.06.2017.

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, 2017:

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

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

Meetings and Attendance:

Five Audit Committee Meetings were held during the year ended 31st March, 2017. The maximum time gap between any of the two meetings was not more than four months.

Audit Committee Meetings held during the year 2016-17 and attendance details:

Date of the Meeting	Committee Strength	No. of Directors present
30.05.2016	3	3
13.08.2016	3	3
06.09.2016	3	3
14.11.2016	3	3
14.02.2017	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, 2017:

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

Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors present
30.05.2016	3	3
13.08.2016	3	3
06.09.2016	3	3
14.11.2016	3	3
14.02.2017	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 Independent Directors receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

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

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

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	7.30
Commission	
Contribution to Provident Fund and Superannuation Fund	
Benefits	
Total	7.30

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

General body meetings:

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

Financial Year	Location of AGM	Date & Time of AGM
2015-16	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	29 th September, 2016 at 4:00 PM.
2014-15	Plot No. 42, Sagar Society, Road No.2 ,Banjara Hills , Hyderabad -500034	29 th September, 2015 at 4:00 PM.
2013-14	Plot No. 42, Sagar Society, Road No.2 ,Banjara Hills , Hyderabad -500034	30 th December,2014 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
2015-16 29.09.2016	No Special Resolution.
2014-15 29.09.2015	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Approval of Related party transactions, Contract or arrangements, with CES USA Inc., wholly own Subsidiary of the Company. 2. Appointment of Shri Mohana Rao Kancharla as Whole Time Director. 3. Re- Appointment of Mr. Duruvasan as Independent Director.

(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

Means of communication:

(g) Quarterly results;

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

30.05.2016, 13.08.2016, 14.11.2016 and 14.02.2017

(h) 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.

(i) Website, where displayed;

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

(j) Whether it also displays official news releases;

It also displays official information on cesltd.com

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

The Company has not made any Investor related presentation in the 2016-17 , but it has plans to make it in the 2017-18

General shareholder information:

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

Annual general meeting to be held on 29.09.2017 at 4: 00 pm at Registered office of the Company at 7th Floor, Tower-A., Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032 .

(m) Financial year;

2016-2017

(n) 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.

(o) Stock code;

Stock code for Bombay Stock Exchange: 512341

Stock Code for Ahmedabad Stock Exchange: 52380

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

S. No	Month 2016-17	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

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

There is No trading of Shares of the Company.

Registrar to an issue and share transfer agents;

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

ISIN for the Equity Shares: INE396F01013

(r) Share transfer system;

These are taken care by RTA of the Company

(s) Distribution of shareholding;

Distribution of Shareholding as on 31st March, 2017:

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
	Total:	27	100	1300000	13000000	100

(t) 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

(u) 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.

(v) 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.

(w) Office Locations

INDIA

HYDERABAD

Registered Office

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

Branch Office

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

CHENNAI

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

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

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

USA

DETROIT

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

CHICAGO

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

DALLAS

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

CANADA

WINDSOR

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

UAE

DUBAI

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

VISHAKHAPATNAM (NEW CENTER)

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

Geographical Locations



(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, 2017 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, 2017, as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period April 1st, 2016 to March 31st, 2017.

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 is very keen on CSR Activities. It does the research and from time to time and actively involve and conduct various CSR Activities. Following are the charitable activities where CES Foundation has donated funds:

1. Contributed to Medical Research Foundation, Hyderabad.
2. CES believes that old age people to be taken care and to be provided adequate facility in the last stage of their life and so its has contributed to Aashayam parents Association , which takes care of old people.
3. CES has contributed to charitable trust i.e Rotary Club at banjara Hills ,Hyderabad which is home for terminally ill patients, that takes care of People who are suffering from cancer and other critical diseases and who are at the last stage of their life.



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

Financial Years	Year
2013-14	Rs. 86,316,455
2014-15	Rs. 68,539,734
2015-16	Rs. 121,082,191
Average of previous three years	Rs. 91,979,460

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 2016-2017.**

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 2016-17**

15 %

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

The Permanent employees on rolls of the Company were 563 as on 31st March 2017

- (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 31st March, 2017 who are receiving higher salary than Director; the ratio is 1: 97

- (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 31ST MARCH, 2017:

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	-	-	-
FIIIs	-	-	-
GRAND TOTAL	27	1300000	100.00

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2017 as envisaged in SEBI LODR (Regulations) 2015 with stock exchanges.

Place: Hyderabad
Date: 06.09.2017.

Whole Time Director
September 06th 2017

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=64.8386)	INR	INR	INR
3	Share capital	345.90	1.00	1.00	1.00
4	Reserves & surplus	1,003.45	182.04	190.07	244.87
5	Total assets	4,670.30	503.98	238.77	305.58
6	Total Liabilities	4,670.30	503.98	238.77	305.58
7	Investments	-	-	-	-
8	Turnover	13,373.76	1,150.59	665.56	828.93
9	Profit before taxation	178.45	137.75	135.47	236.52
10	Provision for taxation	45.12	42.54	39.92	83.16
11	Profit after taxation	133.33	95.21	95.55	153.36
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	70%	61%	70%

FORM NO. MGT.9 (Annexure-II)

(EXTRACT OF ANNUAL RETURN)

As on the financial year ended on 31st March, 2017 [Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	CES Information Technologies Private Limited	U72200TG2006PTC049332	Subsidiary Company	70 %	2(87)
2	CES USA Inc.	NA	Subsidiary Company	100%	2(87)
3	CES Technology Services Private Limited	U72200TG2010PTC067406	Subsidiary Company	61 %	2(87)
4	CES Global IT Solutions Private Limited	U72200TG2014PTC095431	Subsidiary Company	70 %	2(87)
5.	CES Information Systems Private Limited	U72200TG2001PTC037992	Associate Company	NA	2(6)
6.	Infra Master Private Limited	U70102TG2007PTC052277	Associate Company	NA	2(6)

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

I) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	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):	-	-	-	-	-	-	-	-	-
(2) Foreign									
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):									
Total Shareholding of Promoters(A)=(A)(1)+(A2)	847929	125000	972929	74.84	847929	125000	972929	74.84	
B. Public Shareholding									
1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)									

(II) SHAREHOLDING OF PROMOTERS

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 Davarapalli	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

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	-	-	-	-

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

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	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 between ____ and ____.	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	Directors	<i>No. of Shares</i>	% of total Shares of the company	<i>No. of Shares</i>	% 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	
B	Key Managerial Personnel (KMPs)				
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	236.34	-	-	236.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	318.51	-	-	318.51
Total (i+ii+iii)	554.85	-	-	554.85
Change in Indebtedness during the financial year				
* Additions	986.86	64.84	-	1,051.70
* Reduction#	394.35	0.00	-	394.35
Net Change	592.51	64.84	-	657.35
Indebtedness at the end of the financial year				
i) Principal Amount	774.97	64.84	-	839.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	372.39	-	-	372.39
Total (i+ii+iii)	1,147.36	64.84	-	1212.20

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	7.30 - -
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as a % of profit	-
	- Others, specify...	-
Total		7.30
Ceiling as per the Act		49.37

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	1,60,000	95,000	2,55,000				
2	Commission	Nil	Nil	Nil				
3	Others, please specify	Nil	Nil	Nil				
Total (B1)				2,55,000				
Other Non-Executive Directors								
	Name of the Director						Total Amount	
1	Fee for attending board / committee meetings	-	-	-	--	-	-	-
2	Commission	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-
Total (B1)								2,55,000
Total (B)=(B1+B2)								-
Total Sitting Fees								2,55,000
Total Commission								-
Overall Ceiling as per the Act for payment of commission to Non-Executive Directors								9,87,410

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	15.50	6.75	22.25
	(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 31ST MARCH, 2017

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, 2017 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, 2017 according to the provisions of:

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

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

1. Other Laws applicable to the Company;

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

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

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

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

- 1) During the Financial year Company has Conducted Extra-ordinary General meeting on 24th June ,2017 and following was the outcome of meeting:
 - The Registered office of the company be and is hereby shifted from its present location at Plot No.42 Sagar Society, Road No.2, Banjara Hills, Hyderabad- 500034 to Seventh Floor, Tower-A, Ramky Selenium Building, Nanakramguda , Gachibowli, Hyderabad- 500032, under the jurisdiction of Gachibowli police station after approval of Shareholders.
 - The Articles of Association of the Company has been altered, by Insertion of Article 100 to 103 after approval of Shareholders.
 - The Company had applied for a loan Rs.20,00,00,000/-(Rupees Twenty Crore) from ICICI Bank, Which was sanctioned/ Approved and disbursed for its business purpose, and has been ratified by the Shareholders .
 - The Company had created charge/dispose/Mortgage on Fourth Floor, Tower-A, Ramky Selenium Building, Nanakramguda, Gachibowli , Hyderabad-500032 at ICICI Bank, which has been ratified by the shareholders.
- 2) As per Provisions of section 179(3) of the Companies Act,2013 and Companies (Meeting of the Board and its Powers) Rules 2014, Rule 8(6) Company had acquired further 4000 equity shares i.e 40 % Stake in CES Global IT Solutions Private Limited and Complied the require provisions.

- 3) 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, 2017.

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.

Putcha Sharada
Practicing Company Secretary
ACS No. 21717
CP No. 8735

Place: Hyderabad

Date: 1st September , 2017

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, 2017
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 26th, 2017 (10:00 am) and ends on September 28, 2017 (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 23rd September, 2017. 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. 23rd September, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or ([company/RTA email id](#)).

NOTE: The "remote e-voting" end time shall be 5:00 p.m. on 28th September, 2017 and the cut-off date shall be 23rd September 2017

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
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 26th, 2017 (10:00 am) and ends on September 28, 2017 (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 with a copy marked to 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 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 for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website 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.

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, 2017, 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 respective 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 31st March 2017, 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 31st March, 2017, 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 31st March, 2017, 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 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.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company **(Refer Note No 26)**.

Other Matter

We did not audit the financial statements of 3 (three) subsidiary companies (1. CES Global IT Solutions Private Limited., 2. CES Technology Services Private Limited., 3. CES USA, INC.), included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs. 52,15,79,645/- as at 31st March, 2017, total revenue of Rs.1,48,87,88,003/- for the year ended 31st March, 2017. 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 in so far 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 in so far as it relates to the aforesaid subsidiaries is based on solely on the reports of the other Auditors.

For P. Murali & Co.,
Chartered Accountants
FRN: 007257S

P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: 30-05-2017

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 31st March 2017, 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the 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 detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted 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 detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, The 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, 2017, 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: 30-05-2017**

SIGNIFICANT ACCOUNTING POLICIES

1. Company overview

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

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 (61% Owned), CES Global IT Solutions Private Limited (70% Owned). 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.

CES LIMITED

Consolidated Balance Sheet as at 31-03-2017

Particulars	Note No	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	13,000,000	13,000,000
(b) Reserves and Surplus	2	665,522,866	493,464,485
(c) Minority Interest		35,709,359	25,873,533
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	11,218,000	11,868,240
(b) Long Term Borrowings	4	169,351,025	100,254,965
(b) Long Term Provisions	5	20,463,635	16,919,219
(3) Current Liabilities			
(a) Trade Payables	6	86,155,712	91,148,926
(b) Other Current Liabilities	7	217,707,704	112,668,424
(c) Short-Term Provisions	8	125,031,132	140,661,244
Total		1,344,159,435	1,005,859,039
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	9	430,723,397	255,033,135
(ii) Intangible Assets		20,045,850	40,268,927
(iii) Capital Work in Progress		70,863,441	48,825,767
(b) Goodwill on Consolidation		43,697,978	-
(c) Long Term Loans and advances	10	32,372,567	26,941,293
(2) Current assets			
(a) Trade receivables	11	373,673,330	276,039,567
(b) Cash and Bank Balances	12	76,343,162	104,834,256
(c) Short-Term Loans and Advances	13	123,536,804	142,419,462
(d) Other Current assets	14	172,902,905	111,496,630
Total		1,344,159,435	1,005,859,039

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. 023412

Mohana Rao Kancharla
Director

Appa Rao Kancherla
Director

Place : Hyderabad
Date : 30th May, 2017.

Benarji Mallampati
Chief Financial Officer

Surya Prakash Mungelkar
Company Secretary

CES LIMITED

Consolidated Profit and Loss Account for the year ended 31-03-2017

Particulars	Note No	Consolidated 31-03-2017	Consolidated 31-03-2016
		(Rs.)	(Rs.)
I. Revenue from Operations	15	2,258,960,243	1,757,004,309
II. Other Income	16	6,314,991	2,272,899
III. Total Revenue (I +II)		2,265,275,234	1,759,277,208
<u>IV. Expenses:</u>			
Employee Benefit expenses	17	1,735,998,904	1,350,773,987
Other Operating Expenses	18	66,662,137	54,958,777
Administrative and Selling Expenses	19	179,033,327	106,941,742
Financial costs	20	14,599,997	7,427,686
Depreciation and amortization expense	9	53,468,140	36,732,642
V. Total Expenses		2,049,762,505	1,556,834,834
VI. Profit Before Tax (III - V)		215,512,729	202,442,374
VII. Tax expense:			
(1) Current tax		67,194,377	52,633,676
(2) Deferred tax		1,832,717	2,039,093
VIII. Profit/(Loss) for the period		146,485,635	147,769,605
IX. Earnings per equity share: (Refer Note No.)			
(1) Basic		112.68	113.67
(2) Diluted		112.68	113.67

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

Appa Rao Kancharla
Director

Place : Hyderabad
Date : 30th May, 2017.

Benarji Mallampati
Chief Financial Officer

Surya Prakash Mungelkar
Company Secretary

CES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Year Ended 31-03-2017 (Rs.)	Year Ended 31-03-2016 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	215,512,729	202,442,374
Adjustments for:		
Interest	14,599,997	7,427,686
Depreciation	53,468,140	36,732,642
Operating Profit before working capital changes	283,580,866	246,602,702
Adjustments for:		
Trade and other receivables	(97,633,763)	(78,843,533)
Short Term Loans and Advances	18,882,658	(70,584,049)
Other Current Liabilities	105,039,280	85,792,877
Short Term provisions	(15,630,112)	25,296,289
Trade payables	(4,993,214)	34,741,110
Other Current assets	(61,406,275)	(68,480,249)
Cash generated from operations	227,839,441	174,525,146
Direct taxes	(67,194,377)	(52,633,676)
Cash flow before extraordinary items	160,645,064	121,891,470
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	160,645,064	121,891,470
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(266,846,602)	(150,538,222)
Sale/Adjustment of Assets	25,101,239	18,251,664
Net Cash Used In Investing Activities	(241,745,363)	(132,286,558)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(14,599,997)	(7,427,686)
Long Term Liabilities	69,096,060	39,972,452
Long Term Provisions	3,544,416	(341,660)
Long Term Loans and Advances	(5,431,274)	9,078,470
Net Cash Flow From Financing Activities	52,609,206	41,281,576
NET INCREASE\ (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,491,094)	30,886,488
Cash and Cash equivalents (Opening Balance)	104,834,256	73,947,768
Cash and Cash equivalents (Closing Balance)	76,343,162	104,834,256

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Chartered Accountants

Firm Regn. No: 0072575

For and on behalf of the Board

CES Limited

P.Murali Mohana Rao

Partner

M.No. 023412

Mohana Rao Kancharla

Director

Appa Rao Kancherla

Director

Place : Hyderabad.

Date : 30th May, 2017.

Benarji Mallampati

Chief Financial Officer

Surya Prakash Mungelkar

Company Secretary

CES LIMITED

Notes to Consolidated Financial Statements for the year ended 31-03-2017

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	Consolidated	Consolidated
		As on	As on
		31-03-2017	31-03-2016
		(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
		201,000,000	201,000,000
	(b) Issued		
	(13,00,000 Shares of 10/- each Current Year)		
II	(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
	Total Equity Share capital	13,000,000	13,000,000
	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of Rs.10Each, Fully paid up		
III	At the Beginning	1,300,000	1,300,000
	Issued during the year		-
	At the end	1,300,000	1,300,000
	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of Rs. 10 each Held By		
	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 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	RESERVES AND SURPLUS		
	a) General Reserves		
	As at the commencement of the year	47,283,531	47,283,531
		-	-
		47,283,531	47,283,531
	b) Capital Reserve (Share Warrants Forfeited)	87,000,000	87,000,000
	c) Surplus :		
	i) Opening Balance - Profit and Loss Account	451,071,899	216,302,294
	Add: Transfer from Profit and Loss Account	146,485,635	147,769,606
		684,557,534	451,071,899
	c) Foreign Currency Translation Reserve	(30,608,839)	20,982,588
	Less: Minority Interest	35,709,359	25,873,533
	Total Reserves and Surplus	665,522,866	493,464,485

NOTE NO. 3 : DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	19,599,323	12,514,245
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	2,070,392	7,085,078
	Gross Deferred tax Liability	21,669,715	19,599,323
	Opening Deferred tax Asset	7,731,083	7,867,003
	Add: Deferred Tax Asset for the year	2,720,632	(135,919)
	Gross Deferred tax Asset	10,451,714	7,731,083
	Deferred Tax Liability/ (Asset) - Net	11,218,000	11,868,240

NOTE NO. 4 : LONG TERM BORROWINGS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a)Long Term Loans: - Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	421,432	637,977
	b) Mortgage Loan from Indusind Bank (Against mortgage of Company's Land and Buildings)	1,560,929	54,847,271
	c) Mortgage Loan from ICICI Bank (Against mortgage of Company's Land and Buildings)	75,514,503	38,246,216
	d) Other Loans	91,854,161	6,523,500
	Total Long Term Liabilities	169,351,025	100,254,965

NOTE NO. 5 : LONG TERM PROVISIONS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	20,463,635	16,919,219
	Total Long Term Provisions	20,463,635	16,919,219

NOTE NO. 6 : TRADE PAYABLES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Trade Payables	86,155,712	91,148,926
	Total Trade Payables	86,155,712	91,148,926

NOTE NO. 7 : OTHER CURRENT LIABILITIES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	37,239,154	-
II	Statutory Liabilities		
	TDS Payable	5,354,348	3,911,319
	Service Tax Payable	1,043,932	926,121
	Professional Tax Payable	126,417	115,021
	Swacha Bharath Cess Payable	11,368	-
III	Other Liabilities		
	Advance received from Customers	-	1,441,945
	Others	173,932,485	106,274,018
	Total Other Current Liabilities	217,707,704	112,668,424

NOTE NO. 8 : SHORT TERM PROVISIONS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	36,162,510	67,362,907
	Bonus Payable	-	-
	ESI Payable	190,919	173,949
	PF Payable	1,778,340	1,544,947
		38,131,769	69,081,803
	b) Others		
	Provision for Income Tax	47,866,814	47,048,833
	Provision for Expenses	38,591,550	24,269,259
	Audit Fee Payable	441,000	261,350
		86,899,363	71,579,442
	Total Short Term Provisions	125,031,132	140,661,246

CES LIMITED

NOTE NO. 9 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2017

Sl. No.	Particulars	Useful Lives	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2017	Net Block as on 31.03.2016
			As on 01.04.2016	Additions during the Year	Deletions during the year	As on 31.03.2017	Dep. As on 01.04.2016	Dep. For the year	Depreciation on Deletions during the year	Total Depreciation		
	<u>TANGIBLE ASSETS</u>											
1	Buildings (Hyderabad)	60 Years	116,967,777	124,485,590	-	241,453,367	2,414,695	3,679,903	-	6,094,598.00	235,358,769	114,553,082
2	Computers & Software	3 Years	171,775,663	115,290,112	-	287,065,775	113,462,076	40,142,086	-	153,604,162	133,461,613	76,827,806
3	Office Equipment	5 Years	25,867,898	688,335		26,556,233	12,856,814	3,825,703	-	16,682,517	9,873,716	13,011,084
4	Furniture and Fixtures	10 Years	25,498,659	3,390,543		28,889,202	7,820,856	1,991,360	-	9,812,216	19,076,986	17,677,803
5	Vehicles	8 Years	4,596,564	954,348		5,550,912	2,519,247	454,512	-	2,973,759	2,577,153	2,077,317
6	Leasehold land (SIPCOT)	99 Years	2,504,250		-	2,504,250	261,385	25,295	-	286,680	2,217,570	2,242,865
7	Buildings (SIPCOT)	60 Years	31,221,607		-	31,221,607	2,578,429	485,588	-	3,064,017	28,157,590	28,643,178
8	Lease Hold Improvements									-	-	-
	<u>INTANGIBLE ASSETS</u>											
1	Goodwill		45,996,313		17,359,384	28,636,929	5,727,386	2,863,693	-	8,591,079	20,045,850	40,268,927
	<u>CAPITAL WORK IN PROGRESS</u>											
1	Leasehold Land (VSP)		48,825,767	22,037,674	-	70,863,441	-			-	70,863,441	48,825,767
2	Software Development			-		-	-			-	-	-
	TOTAL		473,254,498	266,846,602	17,359,384	722,741,716	147,640,888	53,468,140	-	201,109,028	521,632,688	344,127,829
	PREVIOUS YEAR		324,402,173	150,538,222	1,685,897	473,254,498	92,188,896	36,732,642	626,935	129,126,669	344,127,829	240,715,401

CES LIMITED

Notes to Consolidated Financial Statements for the year ended 31-03-2017

NOTE NO. 10 : LONG TERM LOANS AND ADVANCES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Loans and Advances to Related Parties		
	Unsecured, Considered Good	20,251,586	15,919,896
	Sub Total	20,251,586	15,919,896
II	Security Deposit		
	Secured, Considered Good	12,120,981	11,021,397
	Total Long term Loans and Advances	32,372,567	26,941,293

NOTE NO. 11 : TRADE RECEIVABLES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	4,879,692	-
		4,879,692	-
	Other Receivables:		
	Unsecured, Considered Good	375,587,806	279,640,010
		375,587,806	279,640,010
	Less: Provision for Doubtful Debts	6,794,168	3,600,443
	Total Trade Receivables	373,673,330	276,039,567

NOTE NO. 12 : CASH AND BANK BALANCES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	63,244,443	96,677,211
	2) Bank deposits with more than 12 months maturity	1,140,000	1,040,000
	3) Bank deposits with less than 12 months maturity	11,723,096	7,022,500
	b) Cash on hand	235,624	94,546
	Total Cash and Cash Equivalents	76,343,162	104,834,256

NOTE NO. 13 :SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
	Advances Recoverable in Cash or in kind		
	Unsecured, Considered Good		
	Loans and Advances to Employees	6,843,062	4,718,770
	Prepaid Expenses	10,641,945	5,961,028
	Advance for Expenses	3,086,162	3,397,995
	Service Tax Input Credit	27,410,778	22,911,253
	Advance for Immovable Property	-	11,333,940
	Advance Tax and TDS Receivable	70,872,472	88,037,343
	Other Advances	4,682,385	6,059,133
	Total Loans and Advances	123,536,804	142,419,462

NOTE NO. 14 : OTHER CURRENT ASSETS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	1,934,154	2,010,374
II	Other Current Assets	168,745,764	107,263,269
IV	MAT Credit	2,222,987	2,222,987
	Total Other Current Assets	172,902,905	111,496,630

CES LIMITED

Notes to Financial Statements for the year ended 31-03-2017

NOTE NO. 15 : REVENUE FROM OPERATIONS

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
(i)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	11,845,532	4,229,631
	Export Sales	2,247,114,711	1,752,774,677
	Total Revenue from Operations	2,258,960,243	1,757,004,309

NOTE NO. 16 : OTHER INCOME

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	(a) Interest income	6,314,991	1,378,567
	(b) Exchange Fluctuation Gain	-	894,333
	Total Other Income	6,314,991	2,272,899

NOTE NO. 17 : EMPLOYEE BENEFIT EXPENSES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	1,711,579,707	1,320,902,975
	(b) Managerial Remuneration	-	-
	(c) Contribution to Provident & Other Funds	11,178,699	16,092,661
	(d) Staff Welfare Expenses	13,240,499	13,778,351
	Total Employee Benefit Expenses	1,735,998,904	1,350,773,987

NOTE NO. 18 : OTHER OPERATING EXPENSES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	(a) Electricity Charges	13,075,184	10,912,644
	(b) Rent	26,694,543	28,612,423
	(c) Repairs to Computers and Equipments	1,904,630	2,509,330
	(d) Insurance	8,018,741	5,583,470
	(e) Net exchange loss / (Gain) on foreign currency transactions	9,296,090	6,365,107
	(f) Other operating expenditure	7,672,949	975,803
	Total Other Operating Expenses	66,662,137	54,958,777

NOTE NO. 19: ADMINISTRATIVE AND SELLING EXPENSES

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	(a) Telephone, Postage and Others	12,015,856	10,193,268
	(b) Advertisement Expenses	304,527	717,726
	(c) Conveyance & Travelling Expenses	47,687,999	36,524,768
	(d) CSR Expenditure	1,859,800	1,385,674
	(e) Office Maintenance	82,157,001	30,584,108
	(f) Printing & Stationery Expenses/Subscriptions	1,147,670	687,577
	(g) Security Charges	1,993,118	1,635,841
	(h) Rates & Taxes (excluding Income Tax)	5,044,509	518,557
	(i) Computer Hire Charges	9,485,311	7,013,147
	(j) Professional and Consultancy fee	13,741,809	17,279,420
	(k) Provision for Doubtful Debts / Bad Debts	3,193,725	-
	(l) Loss on Sale of Vehicle	-	111,656
	(m) Payment to Auditors:	-	-
	(i) As Auditor	402,000	290,000
	(ii) For Taxation Matters	-	-
	(iii) For Other Services	-	-
	Total Administrative and Selling Expenses	179,033,327	106,941,742

NOTE NO. 20 : FINANCE COST

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	59,546	94,817
	- Bank Charges	2,531,748	3,883,456
	- Interest on Term Loan/Other Loans	12,008,702	3,449,413
	Total Finance Cost	14,599,997	7,427,686

Notes to Consolidated Financial Statements for the year ended 31st March, 2017:**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	206-17	2015-16
1	Computech Corporation	Common directors	Services rendered	Rs. 7,37,58,735/-	Rs.9,32,73,709/-
2	CES Information Systems Pvt.Ltd	Common directors	Services rendered	-	Rs.25,07,511/-
3	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 7,30,000/-	Rs. 7,26,000/-
4	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 15,50,000/-	Rs. 9,91,000/-
5	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 6,75,000/-	Rs. 5,06,000/-

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 company has not deposited any Specified Bank Notes with the Bank during demonetization period (8th November 2016 to 30th December 2016).

25.

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8 November, 2016	0.00	1,23,616.73	1,23,616.73
Transactions between 9 November, 2016 and 30 December, 2016			
Add: Withdrawal from the Bank Accounts	0.00	3,49,000.00	3,49,000.00
Add: Receipts for permitted transactions	0.00	0.00	0.00
Add: Receipts for Non-permitted transactions	0.00	0.00	0.00
Less: Paid for permitted transactions	0.00	- 1,56,169.00	- 1,56,169.00
Less: Paid for non-permitted transactions	0.00	0.00	0.00
Less: Deposited in Bank Accounts	0.00	0.00	0.00
Closing Balance as at 30 December, 2016	0.00	3,16,447.73	3,16,447.73

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

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

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

BUSINESS SEGMENTS:**(Rs. In Lacs)**

Profit and Loss Statements for the year ended 31st March, 2017	IT Services	IT Enabled Services	Total
Revenues	2,845.32	19,744.28	22,589.60
Direct Expenses	1,652.08	15,707.91	17,359.99
Gross Income			5,229.61
Less: Un-allocated Expenses			2,991.63
Less: Interest and Other Expenses (NET)			146.00
Add: Interest Income			63.15
Net Profit Before Taxes			2,155.13
Income Taxes			690.27
Net Profit After Taxes			1,464.86

GEOGRAPHICAL SEGMENTS:

Profit and Loss Statements for the year ended 31st March, 2017	USA	DOMESTIC	Total
Revenues	22,471.15	118.45	22,589.60
Direct Expenses	17,286.64	73.35	17,359.99
Gross Income			5,229.61
Less: Un-allocated Expenses			2,991.63
Less: Interest and Other Expenses (NET)			146.00
Add: Interest Income			63.15
Net Profit Before Taxes			2,155.13
Income Taxes			690.27
Net Profit After Taxes			1,464.86

27. 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	74.37	5,311.40	68.07	1,466.94
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.	3.65	261.05	6.39	137.75
CES Global IT Solutions Pvt. Ltd.	3.44	245.87	10.97	236.52
CES Technology Services Pvt. Ltd.	2.68	191.07	6.29	135.47
Foreign Subsidiaries:				
CES USA Inc.	15.86	1,132.93	8.28	178.45
TOTAL		7,142.32		2,155.13

Adjustments arising out of consolidation		(348.90)		(139.90)
Minority Interest				
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.		(78.02)		(41.33)
CES Global IT Solutions Pvt. Ltd.		(73.46)		(70.96)
CES Technology Services Pvt. Ltd.		(74.13)		(52.83)
Consolidated Net Assets/Profit before Tax		6,567.81		1,850.11

28. Calculation of EPS as per the AS -20 for the year ending 31st March, 2017.

	<u>Rs.</u>
Profit available to the equity shareholders	14,64,85,635/-
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	112.68
Diluted Earnings per Share	112.68

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

P. Murali Mohana Rao
Partner
Membership No. 023412

Mohana Rao Kancharla
Director

Appa Rao Kancharla
Director

Place: Hyderabad
Date :30th May, 2017.

Benarji Mallampati
Chief Financial Officer

Surya Prakash Mungelkar
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. **CES LIMITED ("the Company")**, which comprise the Balance Sheet as at 31st March, 2017, Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We 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 the 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, 2017, 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 the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, statement of Profit & 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There 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 31st March 2017.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For P Murali & Co.,
Chartered Accountants,
FRN. 007257S

P. Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date: 30th May, 2017.

Annexure A to the Auditor's Report

Annexure referred to in paragraph 1 of Our Report of even date to the members of M/s. CES LIMITED on the accounts of the company for the year ended 31st March, 2017 Under "Report on other Legal & Regulatory Requirements"

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

(b) 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, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. 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 generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax and other material statutory dues, as applicable, except few delays in payment with the appropriate authorities in India ;

(b) There are no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance and Income-tax other material statutory dues in arrears as at 31st March 2017 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 and any other major statutory dues 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 banks or financial institutions.

- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with schedule V to the Act.
- xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. 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. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company.
- xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

**For P Murali & Co.,
Chartered Accountants,
FRN. 007257S**

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

**Place: Hyderabad
Date: 30th May, 2017.**

Annexure B to the Auditor's Report

“Annexure B” referred to in paragraph 2(f) under “Report on other legal and Regulatory Requirements” section of report on financial statements of even date to the members of CES LIMITED on the financial statement for the year ended 31st march 2017.

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

We have audited the internal financial controls over financial reporting of CES LIMITED ('the Company') as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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
Membership No. 023412**

**Place: Hyderabad
Date: 30th May, 2017.**

SIGNIFICANT ACCOUNTING POLICIES

1. Company overview

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

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 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.

CES LIMITED

Balance Sheet as on 31st March, 2017

Particulars	Note No	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	13,000,000	13,000,000
(b) Reserves and Surplus	2	518,139,995	419,398,931
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	1,381,861	1,138,074
(b) Long Term Borrowings	4	83,980,724	23,633,794
(c) Long Term Provisions	5	20,463,635	16,919,219
(3) Current Liabilities			
(a) Trade Payables	6	21,292,336	7,119,050
(b) Other Current Liabilities	7	70,761,006	34,776,255
(c) Short-Term Provisions	8	79,824,666	67,258,836
Total		808,844,222	583,244,159
II.Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) <i>Tangible Assets</i>		300,902,387	188,213,805
(ii) <i>Intangible Assets</i>		20,045,850	40,268,927
(iii) <i>Capital Work in Progress</i>		70,863,441	48,825,767
(b) Non-current investments	10	78,488,610	34,740,632
(c) Long Term Loans and advances	11	19,858,996	22,982,796
(2) Current assets			
(a) Trade receivables	12	169,700,726	78,680,861
(b) Cash and Bank Balances	13	31,560,620	48,657,857
(c) Short-Term Loans and Advances	14	115,499,870	118,863,140
(d) Other Current assets	15	1,923,722	2,010,374
Total		808,844,222	583,244,159

Summary of Significant Accounting Policies

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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. 023412

Mohana Rao Kancharla
Director

Appa Rao Kancharla
Director

Place : Hyderabad
Date : 30th May 2017

Benarji Mallampati
Chief Financial Officer

Surya Prakash M
Company Secretary

CES LIMITED

Statement of Profit and Loss Account for the year ended 31st March 2017

Particulars	Note No	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I. Revenue from Operations	16	671,065,932	500,700,664
II. Other Income	17	4,169,286	1,302,218
III. Total Revenue (I +II)		675,235,219	502,002,882
IV. Expenses:			
Employee Benefit expenses	18	389,791,391	267,543,167
Other Operating Expenses	19	32,306,194	36,441,332
Administrative and Selling Expenses	20	74,557,346	52,742,944
Financial costs	21	11,211,345	5,966,938
Depreciation and amortization expense	9	20,675,311	18,226,311
V. Total Expenses		528,541,587	380,920,691
VI. Profit Before Tax (III - V)		146,693,632	121,082,191
VII. Tax expense:			
(1) Current tax		46,200,000	30,593,525
Net Current Tax		46,200,000	30,593,525
(2) Deferred tax		1,752,568	1,508,781
VIII. Profit/(Loss) for the period		98,741,064	88,979,885
IX. Earnings per equity share: (Refer Note No. 29)			
(1) Basic		75.95	68.45
(2) Diluted		75.95	68.45

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: 007257S

For and on behalf of the Board
CES Limited

P.Murali Mohana Rao
Partner
M.No. 023412

Mohana Rao Kancharla
Director

Appa Rao Kancharla
Director

Place : Hyderabad
Date : 30th May 2017

Benarji Mallampati
Chief Financial Officer

Surya Prakash M
Company Secretary

CES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	146,693,632	121,082,191
Adjustments for:		
Interest	11,211,345	5,966,938
Depreciation	20,675,311	18,226,311
Loss on sale of Fixed Asset	-	111,656
Operating Profit before working capital changes	178,580,287	145,387,096
Adjustments for:		
Trade and other receivables	(91,019,865)	(20,658,915)
Short Term Loans and Advances	3,363,270	(47,317,139)
Other Current Liabilities	35,984,751	965,524
Short Term provisions	12,565,830	18,548,040
Trade payables	14,173,286	(1,849,487)
Other Current assets	86,652	(593,539)
Cash generated from operations	153,734,211	94,481,579
Direct taxes	(47,708,781)	(30,593,525)
Cash flow before extraordinary items	106,025,430	63,888,054
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	106,025,430	63,888,054
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(152,537,874)	(103,983,504)
Sale of Vehicle/Adjustment in Goodwill	17,359,384	640,000
Investment in Non-Current Investments	(43,747,978)	(81,000)
Net Cash Used In Investing Activities	(178,926,468)	(103,424,504)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(11,211,345)	(5,966,938)
Long Term Liabilities	60,346,930	1,483,106
Long Term Provisions	3,544,416	(341,660)
Long Term Loans and Advances	3,123,800	28,548,291
Net Cash Flow From Financing Activities	55,803,802	23,722,799
NET INCREASE\DECREASE IN CASH AND CASH EQUIVALENTS	(17,097,236)	(15,813,650)
Cash and Cash equivalents (Opening Balance)	48,657,856	64,471,506
Cash and Cash equivalents (Closing Balance)	31,560,620	48,657,856

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Chartered Accountants

Firm Regn. No: 0072575

For and on behalf of the Board

CES Limited

P.Murali Mohana Rao

Partner

M.No. 023412

Mohana Rao Kancharla

Director

Appa Rao Kancherla

Director

Place : Hyderabad.

Date : 30th May 2017

Benarji Mallampati

Chief Financial Officer

Surya Prakash M

Company Secretary

Notes to Financial Statements for the year ended 31st March, 2017

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(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
		201,000,000	201,000,000
	(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
	Total Equity Share capital	13,000,000	13,000,000
II	<u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u>		
	Equity Shares of Rs.10Each, Fully paid up		
	At the Beginning	1,300,000	1,300,000
	Issued during the year	-	-
	At the end	1,300,000	1,300,000
III	<u>Details of Shareholder holding more than 5% shares of the company:</u>	% of Share Holding	
	Equity Shares of Rs. 10 each Held By		
	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 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	RESERVES AND SURPLUS		
	a) General Reserves		
	As at the commencement of the year	45,688,367	45,688,367
	Less: Transferred towards depreciation under Companies Act 2013	-	-
		45,688,367	45,688,367
	b) Capital Reserve (Sharewarrants forfeited)	87,000,000	87,000,000
	c) Surplus :		
	i) Opening Balance - Profit and Loss Account	286,710,564	197,730,679
	Add: Transfer from Profit & Loss Account	98,741,064	88,979,885
		385,451,628	286,710,564
	Total Reserves and Surplus	518,139,995	419,398,931

NOTE NO. 3: DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	8,674,521	6,517,927
	Add:		
	Deferred Tax Liability for the year	1,383,772	2,156,594
	Gross Deferred tax Liability	10,058,293	8,674,521
	Opening Deferred tax Asset	7,536,447	6,888,635
	Provision for Gratuity and Compensated Absences	(1,139,986)	(647,813)
	Gross Deferred tax Asset	8,676,433	7,536,447
	Deferred Tax Liability/ (Asset) - Net	1,381,861	1,138,074

NOTE NO. 4 : LONG TERM BORROWINGS

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Long Term Loans:		
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	1,560,929	23,499,037
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	75,514,503	-
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	421,432	134,756
	b) Other Long Term Liabilities	6,483,860	-
	Total Long Term Liabilities	83,980,724	23,633,794

NOTE NO. 5 : LONG TERM PROVISIONS

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	- Provision for Gratuity	20,463,635	16,919,219
	Total Long Term Provisions	20,463,635	16,919,219

NOTE NO. 6 : TRADE PAYABLES

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Trade Payables	21,292,336	7,119,050
	Total Trade Payables	21,292,336	7,119,050

NOTE NO. 7 : OTHER CURRENT LIABILITIES

S.No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	37,239,154	31,851,455
II	Statutory Liabilities		
	TDS Payable	3,407,396	1,915,708
	Swacha Bharat Cess Payable	5,704	4,550
	Service Tax Payable	594,310	921,571
	Professional Tax Payable	93,267	82,971
III	Other Liabilities	29,421,175	-
	Total Other Current Liabilities	70,761,006	34,776,255

NOTE NO. 8 : SHORT TERM PROVISIONS

S.No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	26,638,439	21,615,211
	Bonus Payable		-
	ESI Payable	166,831	69,287
	PF Payable	1,263,326	1,088,382
		28,068,596	22,772,880
	b) Others		
	Provision for Income Tax	36,043,000	29,923,640
	Consultancy Charges Payable	9,765,002	13,862,316
	Audit Fee Payable	345,000	200,000
	Other Provisions	5,603,068	500,000
		51,756,070	44,485,956
	Total Short Term Provisions	79,824,666	67,258,836

CES LIMITED

NOTE NO. 9 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2017

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2017	Net Block as on 31.03.2016
		As on 01.04.2016	Additions during the Year	Deletions during the Year	As on 31.03.2017	Dep. As on 01.04.2016	Depr. on Deletions	Dep. For the Year	Total Depreciation		
	<u>TANGIBLE & INTANGIBLE ASSETS</u>										
1	BUILDINGS (HYDERABAD)	116,967,777	124,485,590	-	241,453,367	2,414,695	-	3,679,903	6,094,598	235,358,769	114,553,082
2	COMPUTERS & SOFTWARE	76,751,185	3,186,320	-	79,937,505	64,908,792	-	7,817,768	72,726,560	7,210,945	11,842,393
3	OFFICE EQUIPMENT	23,616,432	617,809	-	24,234,241	12,439,265	-	3,357,192	15,796,457	8,437,784	11,177,167
4	FURNITURE AND FIXTURES	25,397,409	1,256,133	-	26,653,542	7,719,606	-	1,991,360	9,710,966	16,942,576	17,677,803
5	MOTOR VEHICLES	4,596,564	954,348	-	5,550,912	2,519,247	-	454,512	2,973,759	2,577,153	2,077,317
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	261,385	-	25,295	286,680	2,217,570	2,242,865
7	BUILDING (SIPCOT)	31,221,607	-	-	31,221,607	2,578,429	-	485,588	3,064,017	28,157,590	28,643,178
1	INTANGIBLE ASSETS: GOODWILL	45,996,313	-	17,359,384	28,636,929	5,727,386	-	2,863,693	8,591,079	20,045,850	40,268,927
1	<u>CAPITAL WORK IN PROGRESS</u>										
	LEASE HOLD LAND (VSP)	48,825,767	22,037,674	-	70,863,441	-	-	-	-	70,863,441	48,825,767
	TOTAL	375,877,304	152,537,874	17,359,384	511,055,794	98,568,805	-	20,675,311	119,244,116	391,811,678	277,308,499
	PREVIOUS YEAR	272,681,300	103,983,504	787,500	375,877,304	80,378,338	35,844	18,226,311	98,568,805	277,308,499	192,302,962

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2017

NOTE NO. 10 : NON- CURRENT INVESTMENTS

S.No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Non- Current Assets		
	1) Investment in Subsidiaries		
	a) Equity Shares		
	1) CES USA Inc. USA (Unquoted) -100% Holding	34,589,632	34,589,632
	780,000 (previous year 780,000) equity shares of USD 1 each, fully paid		
	Wholly owned subsidiary of the company.		
	2) CES Information Technologies Pvt. Ltd.	70,000	70,000
	7000 (Previous year 7000) equity shares of Rs. 10/- fully paid up.		
	3) CES Global IT Solutions Private Limited.	20,120,166	30,000
	7,000 equity shares of Rs. 10/- fully paid up.		
	4) CES Technology Services Private Limited.	23,708,812	51,000
	6,100 equity shares of Rs. 10/- fully paid up.		
	Total Non - Current Investments	78,488,610	34,740,632

NOTE NO. 11 : LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Loans and Advances to Related Parties		
	Unsecured, Considered Good	11,073,844	15,273,844
II	Security Deposit		
	Secured, Considered Good	8,785,152	7,708,952
	Total Long term Loans and Advances	19,858,996	22,982,796

NOTE NO. 12 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	4,879,692	-
		4,879,692	-
	Other Receivables:		
	Unsecured, Considered Good	168,421,477	82,281,304
		168,421,477	82,281,304
	Less: Provision for Doubtful Debts	3,600,443	3,600,443
	Total Trade Receivables	169,700,726	78,680,861

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

CES USA Inc	(8,402,018)	(22,864,605)
Computech Corporation	(17,954,685)	13,958,047
	(26,356,703)	(8,906,558)

NOTE NO. 13 : CASH AND BANK BALANCES

S. No.	Particulars	As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	18,628,984	40,549,667
	2) Bank deposits with more than 12 months maturity	1,140,000	1,040,000
	3) Bank deposits with less than 12 months maturity	11,723,096	7,022,500
	b) Cash on hand	68,541	45,690
	Total Cash and Cash Equivalents	31,560,620	48,657,857

NOTE NO. 14 :SHORT TERM LOANS AND ADVANCES

		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Advances Recoverable in Cash or in kind		
	Unsecured, Considered Good		
	Loans and Advances to Employees	6,311,061	4,394,012
	Prepaid Expenses	9,943,576	2,160,180
	Advance for Expenses	2,618,727	3,047,990
	Service Tax Input Credit	24,262,301	21,778,730
	Advance for Immovable Property	-	11,333,940
	Advance Tax and TDS Receivable	67,681,819	70,709,111
	Other Advances	4,682,385	5,439,177
	Total Loans and Advances	115,499,870	118,863,140

NOTE NO. 15 : OTHER CURRENT ASSETS

		As on 31-03-2017	As on 31-03-2016
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	1,923,722	2,010,374
	Total Other Current Assets	1,923,722	2,010,374

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2017

NOTE NO. 16 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	177,421	3,315,130
	Export Sales	670,888,511	497,385,534
	Total Revenue from Operations	671,065,932	500,700,664

NOTE NO. 17 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I	(a) Interest income	4,169,286	1,302,218
	Total Other Income	4,169,286	1,302,218

NOTE NO. 18 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	368,663,431	250,469,379
	(b) Contribution to Provident & Other Funds	9,623,730	6,061,403
	(c) Staff Welfare Expenses	11,504,230	11,012,385
	Total Employee Benefit Expenses	389,791,391	267,543,167

NOTE NO. 19 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I	(a) Electricity Charges	8,548,828	8,449,900
	(b) Rent	11,760,122	16,762,215
	(c) Repairs to Computers and Equipments	1,823,634	2,446,004
	(d) Insurance	3,724,166	2,329,146
	(e) Net exchange loss / (Gain) on foreign currency transactions	6,449,444	6,454,066
	Total Other Operating Expenses	32,306,194	36,441,332

NOTE NO. 20: ADMINSTRATIVE AND SELLING EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I	(a) Telephone, Postage and Others	8,630,502	8,210,806
	(b) Advertisement Expenses	225,361	281,318
	(c) Conveyance & Travelling Expenses	30,724,684	16,508,494
	(d) CSR Expenditure	1,859,800	1,385,674
	(e) Office Maintenance	11,364,847	11,336,771
	(f) Printing & Stationery Expenses/Subscriptions	865,331	515,922
	(g) Security Charges	1,993,118	1,635,841
	(h) Rates & Taxes (excluding Income Tax)	4,014,692	413,335
	(i) Computer Hire Charges	6,476,368	5,320,870
	(j) Professional and Consultancy fee	8,102,643	6,822,256
	(k) Loss on Sale of Vehicle	-	111,656
	(l) Payment to Auditors:		
	(i) As Auditor	300,000	200,000
	Total Administrative and Selling Expenses	74,557,346	52,742,944

NOTE NO. 21 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	59,546	94,817
	- Interest on Term Loan	10,513,398	
	- Bank Charges	638,400	5,872,120
	Total Finance Cost	11,211,345	5,966,938

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017:

22. Expenditure in foreign currency:

	Year Ended 31.03.2017(Rs)	Year Ended 31.03.2016(Rs)
Foreign travelling	1,08,70,780/-	94,42,838/-
Professional & Consultancy Fees	26,86,688/-	43,52,580/-
Purchase of Capital Goods	20,18,852/-	84,68,630/-

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

	Year Ended 31.03.2017(Rs)	Year Ended 31.03.2016(Rs)
Foreign exchange inflow	67,08,88,511/-	49,73,85,534/-

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

24. The company has not deposited any Specified Bank Notes with the Bank during demonetization period (8th November 2016 to 30th December 2016).

	SBNs	Other Denomination Notes	Total
Closing Balance as at 8 November, 2016	0.00	52,271.73	52,271.73
Transactions between 9 November, 2016 and 30 December, 2016			
Add: Withdrawal from the Bank Accounts	0.00	230,000.00	230,000.00
Add: Receipts for permitted transactions	0.00	0.00	0.00
Add: Receipts for Non-permitted transactions	0.00	0.00	0.00
Less: Paid for permitted transactions	0.00	- 133,631.00	- 133,631.00
Less: Paid for non-permitted transactions	0.00	0.00	0.00
Less: Deposited in Bank Accounts	0.00	0.00	0.00
Closing Balance as at 30 December, 2016	0.00	148,640.73	148,640.73

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

26. 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	2016-17	2015-16
1	CES USA Inc.	Common directors	Services rendered	Rs.1,39,90,021 /-	Rs.2,25,46,090/-

2	Computech Corporation	Common directors	Services rendered	Rs.7,37,58,735/-	Rs.9,32,73,709/-
3	CES Information Systems Pvt. Limited.	Common directors	Services rendered	-	Rs.25,07,511/-
4	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	Rs.1,77,421/-	-
5	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs.7,30,000 /-	Rs. 7,26,000/-
6	Mr.Benarji Mallampati	CFO	Remuneration	Rs.15,50,000 /-	Rs. 9,91,000/-
7	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs.6,75,000/-	Rs. 5,06,000/-

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

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

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

BUSINESS SEGMENTS:**(Rs. In Lacs)**

Profit and Loss Statements for the year ended 31st March 2017	IT Services	IT Enabled Services	Total
Revenues	1,029.17	5,681.49	6,710.66
Direct Expenses	545.14	3,352.77	3,897.91
Gross Income			2,812.75
Less: Un-allocated Expenses			1,275.39
Less: Interest and Other Expenses (NET)			112.11
Add: Interest Income			41.69
Net Profit Before Taxes			1,466.94
Income Taxes			479.53
Net Profit After Taxes			987.41

GEOGRAPHICAL SEGMENTS:

Profit and Loss Statements for the year ended 31st March 2017.	USA	DOMESTIC	Total
Revenues	6,708.89	1.77	6,710.66
Direct Expenses	3,896.88	1.03	3,897.91
Gross Income			2,812.75
Less: Un-allocated Expenses			1,275.39
Less: Interest and Other Expenses (NET)			112.11
Add: Interest Income			41.69
Net Profit Before Taxes			1,466.94
Income Taxes			479.53
Net Profit After Taxes			987.41

28. Calculation of EPS as per the AS -20 for the year ending 31st March, 2017.

	<u>Rs.</u>
Profit available to the equity shareholders	9,87,41,064/-
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	75.95
Diluted Earnings per Share	75.95

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

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

SIGNATURE TO NOTES 1 To 30

**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**

**P. Murali Mohana Rao
Partner
Membership No. 023412
Place: Hyderabad
Date: 30th May, 2017.**

**Mohana Rao Kancharla
Director
Benarji Mallampati
Chief Financial Officer**

**Appa Rao Kancharla
Director
Surya Praksh Mungelkar
Company Secretary**

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 32nd Annual general meeting of the company, to be held on the Friday, 29th Day of September 2017, 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 No.	Resolution
Ordinary Business	
	To receive, consider and adopt the Audited Balance Sheet as at 31 st march 2017 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.Venkat Davarapalli (00028498) Who retires by rotation and being eligible,
	To appoint 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
Special Business	
	Appointment of Mr. Sai Krishna Kancharla (07775575) as Director

Signed this _____ day of _____ 2017

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

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 32nd Annual General Meeting of the Company to be held on Friday, the 29 September , 2017 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) T o 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.