



33rd ANNUAL REPORT
2017 - 2018

BOARD OF DIRECTORS

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

Chairman and Independent Director
Independent Director
Whole –Time Director
Alternate Director of Venkat Davarapalli
Alternate Director of Sai Krishna Kancharla
Director
Director
Director

Corporate Identity Number (CIN): L55100TG1985PLC045963

KEY MANAGERIAL PERSONNEL

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

BANKERS

ICICI Bank, Hyderabad
Bank of India, Hyderabad
IndusInd Bank, Hyderabad

AUDITORS

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

INTERNAL AUDITOR

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

SECRETARIAL AUDITOR

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

REGISTERED OFFICE

7th Floor, Tower-A, Ramky
Selenium, Nanakramguda,
Gachibowli, Hyderabad- 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 33rd Annual General Meeting of. CES LIMITED will be held on Friday, 28th day of September 2018, at 4:00P.M.at the Registered Office of the Company at, **7thFloor,Tower-A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad - 500 032**, to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt standalone and Consolidated Audited Balance Sheet as at 31st March, 2018 and Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To reappoint Smt. Aruna Krishna Sabbineni (06997005) who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. INCREASE IN AUTHORISED SHARE CAPITAL

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 61 read with Section 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re- enactment thereof) and the rules framed there under, the consent of the members of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from existing Rs. 20,10,00,000 (Rupees twenty crores and ten lacs) divided into 2,01,00,000 (Two Crores one Lakh) Equity Shares of Rs. 10/- each to Rs. 36,50,00,000 (Rupees Thirty Six Crores and Fifty Lacs) divided into 3,65,00,000 (Three Crores Sixty Five lacs) Equity Shares of Rs. 10/- each by creation of additional 1,64,00,000 (one Crore Sixty Four Lacs) Equity Shares of Rs. 10/- each ranking pari passu in all respect with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. ALTERATION IN THE CAPITAL CLAUSE OF MEMORANDUM OF ASSOCIATION

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

“RESOLVED THAT pursuant to the provisions of Section 13, 61 and 64 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the consent of the members of the Company be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause. V.

V. The Authorised Share Capital of the Company is Rs. 36,50,00,000/-(Rupees Thirty Six Crores Fifty Lacs) divided into 3,65,00,000 (Three Crores Sixty Five lacs) Equity Shares of face value of Rs. 10/- (Rupees Ten) each.”

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. ALTERATION IN THE CLAUSE NO. 3 OF THE ARTICLES OF ASSOCIATION.

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

RESOLVED THAT pursuant to section 14 of the Companies Act, 2013, Article No. 3 of the Articles of Association of the Company be altered by substituting it with the following new clause:

The Authorized Share Capital of the Company is (Rs. 36,50,00,000) (Rupees Thirty Six Crores and Fifty lacs) divided into (3,65,00,00) (Three Crores Sixty Five Lacs) equity shares of Rs.10 (Rupees Ten each) , with a power of company to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the company in accordance with the Articles of Association of the company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the company or legislative provisions for the time being in force in that behalf.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. TO CONSIDER ISSUE OF BONUS EQUITY SHARES

To. consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.

“RESOLVED THAT in pursuance of Section 63 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable regulations and guidelines issued by SEBI and Reserve Bank of India (RBI), as amended from time to time, Articles of Association of the Company, and subject to such approvals, consents, permissions, conditions and sanctions as may be considered necessary from appropriate authorities and the terms and conditions, if any, as may be specified while according such approvals and subject to acceptance of such terms and conditions by the Board of Directors of the Company (‘the Board’, which term shall include any Committee authorised by the Board to exercise its powers including powers conferred on the Board by this resolution),, the approval of the members be and is hereby accorded to the Company to capitalize a sum of Rs.35,10,000,00/- out of Rs .48,0260,785/- standing to Free Reserves Account and to apply this sum of Rs. 35,10,000,00/- for paying in full at par 3,51,00,000 equity shares of Rs.10 each in the capital of the company to be allotted and distributed as fully paid bonus shares to the holders of equity shares of Rs. 10/- each in the Company, whose names appear in the Register of Members of the Company on the Record Date , in the ratio of 1:27 i.e., 27 shares of Rs. 10/- for every 1 (one) equity share held and that 27(Twenty Seven) new equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes pari passu with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to dividend, if any, proportionately in the year of the allotment of these shares.

“RESOLVED FURTHER THAT the Share Certificates in respect of the New Equity Shares will be issued in the same mode as held on the Record Date and dispatched to the shareholders who hold the existing Equity Shares in

physical form and the New Equity Shares will be credited in electronic form to the demat accounts of the shareholders who hold the existing Equity Shares in electronic form, within the period prescribed.”

“RESOLVED FURTHER THAT the allotment of the New Equity Shares as Bonus Shares to the extent they relate to Non-Resident Indians (NRIs), Foreign Portfolio Investors (FPIs), Persons of Indian Origin (PIO), Overseas Corporate Bodies (OCB) and other foreign investors of the Company shall be subject to the approval of the RBI, under the Foreign Exchange Management Act, 1999, or any other regulatory authority, as necessary.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the New Equity Shares on the Stock Exchanges where the securities of the Company are presently listed, as per the provisions of the SEBI Listing Regulations and other applicable guidelines, rules and regulations.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment, distribution and listing of the New Equity Shares and its decision shall be final and binding.”

7. TO REVIEW, ALTER, MODIFY THE REMUNERATION INCLUDING SALARY, ALLOWANCES, PERQUISITES, ETC., OF SHRI MOHANA RAO KANCHARLA (00004288), WHOLE TIME DIRECTOR OF THE COMPANY.

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

“RESOLVED THAT pursuant to the provisions of Section 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 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the shareholders of the Company be and is hereby accorded to revise the remuneration of Shri Mohana Rao Kancharla, Whole-time Director, as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Company) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit;

FURTHER RESOLVED THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid with the with or with approval of the Central Government or as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. TO APPOINT SHRI APPA RAO KANCHARLA (02532842) AS ALTERNATE DIRECTOR FOR SHRI SAI KRISHNA KANCHARLA(07775575)

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

“RESOLVED THAT pursuant to the provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018, 17(1A) 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 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the shareholders of the Company be and is hereby Shri Appa Rao Kancharla (02532842) who is 84 years of age is be and hereby accorded to appointed as alternate director for shri Sai krishna Kancharla (07775575).

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE: 04/09/2018

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 carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

The instrument of proxy in order to be effective, must be deposited 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 22 September (Saturday) 2018 to, 28 September (Friday) 2018. (Both days inclusive).
4. The requirement to place the matter relating to appointment of statutory auditors for ratification by members at every annual general meeting is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 32nd annual general meeting held on 29th September 2017 is not proposed at this AGM.

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.

Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the rule 19(1) of the Companies

(Share Capital and Debentures) Rules, 2014 are requested to send their requests in form no. SH-13, to the registrar and transfer agent of the Company. Further, members desirous of cancelling/varying nomination pursuant to the rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in form no. SH14, to the registrar and transfer agent of the Company. These forms will be made available on request.

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. Members are requested to bring copies of the Annual Report sent to them to the meeting.
8. Electronic copy of the Annual Report Notice for Annual General Meeting for the financial period ended 31.03.2018 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 for Annual General Meeting is being sent in the permitted mode.
9. Electronic copy of the Notice of the 33rd 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 33rd 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 33rd Annual General Meeting and the Annual Report for the financial period ended on 31.03.2018 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 33rd 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 cast Vote at **Annexure-IV**

BY ORDER OF THE BOARD
For CES LIMITED

Explanatory statements under section 102 of Companies Act 2013

Item No- 3, 4 & 5.

The Current Authorized Capital of the Company is Rs.201,000,000/- (Rupees Twenty Crores and Ten lacs) and the paid up share capital of the Company is Rs.13,000,000(Rupees one crore and Thirty lacs only). The Company proposes to increase its authorized share capital to Rs.365,000,000/- (Rupees Thirty Six Crores Fifty Lacs). The Company has plans to capitalize the amount lying in free reserves by issuing bonus shares and thus it is required to increase the authorised share capital.

Subsequent to the increase in the Authorised Share Capital, Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company would have to be altered by passing the necessary Resolutions.

The Resolutions at Item No. 4, and 5 of the Notice are consequential upon the proposed increase in the Authorised Share Capital of the Company (Item No-03).

Your Directors recommend the passing of the Resolutions at Item Nos. 3, 4 and 5, as Special Resolutions.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions as set out at Item Nos. 3, 4 and 5 of the Notice.

The Memorandum and Articles of Association of the Company are open for inspection of the members at the Registered Office of the Company during the normal business hours at any time up to the date of the Annual General Meeting and at the Meeting.

Item No- 06 Issue of Bonus shares

The Board of Directors at their meeting held on 04th November,2018 recommended issue of bonus shares in proportion of 27 (twenty-seven) share for every 1 (One) equity shares held by the members on a "Record Date" i.e. 21st September, 2018 fixed by the Board of Directors, by capitalizing a part of the amount standing to the credit of the Reserves.

Pursuant to the provisions of the Articles of Association of the Company and the Companies Act, 2013 and rules made thereunder the capitalization of reserves and bonus issue thereof require approval of the members in general meeting.

Accordingly, the resolution seeks approval of the shareholders for capitalizing 351,000,000/- (Rupees Thirty Five Crore and ten lacs) out of the amount standing to the credit of Reserves and issue of bonus shares out of the same on the term and conditions set out in the resolution.

The Board of Directors recommends the Ordinary resolution for approval of shareholders.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

Item No. 7 Shri Mohan Rao Kancharla DIN No. 00004288 is Director on the Board since 2005 and appointed as Whole- Time Director of the Company in the AGM held on 30th December 2014. Board Proposes to revise the remuneration of Shri Mohan Rao Kancharla.

The Board of Directors of the Company ("the Board") at its meeting held on 04th September, 2018 has, subject to approval of members, for a further period of expiry of his present term, that is up to 31st December,2019 on terms

and conditions including remuneration as recommended by Nomination and Remuneration Committee (the 'NRC Committee') of the Board and approved by the Board.

It is proposed to seek members' approval for remuneration payable to Shri Mohana Rao Kancharla, whole time director of the company, in terms of the applicable provisions of the Act. Broad particulars of the terms of remuneration payable to Shri Mohana Rao Kancharla are as under:

- i) Managerial Remuneration of Rs.18,00,000/-per annum.
- ii) Performance Linked Variable Remuneration: Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be decided by the Nomination & Remuneration Committee/Board of Directors of the Company based on the performance of the abovementioned Director for each year.

Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS- 2) regarding fixation of remuneration of Directors is given below: -

1.	Age	60 Years
2.	Qualifications	Bachelor of Commerce
3.	Area of Experience	Information Technology & Infrastructure
4.	Last drawn remuneration	Rs.7.31 Lakhs
5.	Date of first appointment on the Board	29.07.2005
6.	No. of share held	25,000 Shares
7.	Relationship with Directors, Managers & KMP	Shri Appa Rao Kancharla is father and Sai Krishna Kancharla is nephew of Shri Mohan Rao Kancharla.
8.	Number of Board Meeting attended during FY 2017-18.	5
9.	Other Directorship	7
10.	Chairman/ Member of the Committees of Boards of other companies	NA

Information pursuant to 197 of the Companies Act, 2013 read with Schedule V regarding fixation of remuneration of Directors is given below: -

General information:	
(1) Nature of industry	IT & ITES
(2) Date or expected date of commencement of commercial production	NA
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
(4) Financial performance based on given indicators	
(5) Foreign investments.	66.92 %

II. Information about the appointee:	
(1) Background details	
(2) Past remuneration	7.31
(3) Recognition or awards	
(4) Job profile and his suitability	
(5) Remuneration proposed	Rs.18,00,000/-
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	-
III. Other information:	
(1) Reasons of loss or inadequate profits	-
(2) Steps taken or proposed to be taken for improvement	-
(3) Expected increase in productivity and profits in measurable terms	-

None of the directors or their relatives except Mr.Appa Rao Kancharla and Sai Krishna Kancharla and their relatives are interested or concerned in the said resolution.

The Board recommends this Resolution for your approval.

Item No.8 To Appoint Shri Appa Rao Kancharla (02532842) as Alternate Director for Shri Sai Krishna Kancharla(07775575)

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, 17(1A) any Director on the Board of Listed Company above 75 years of age to pass Special resolution and take approval of members of the Company.

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

1.	Age	84
2.	Qualifications	
3.	Area of Experience	
4.	Last drawn remuneration	-
5.	Date of first appointment on the Board	31.01.2009
6.	No. of share held	Nil

7.	Relationship with Directors, Managers & KMP	Father of Shri Mohan Rao Kancharla
8.	Number of Board Meeting attended during FY 2017-18.	4
9.	Other Directorship	1
10.	Chairman/ Member of the Committees of Boards of other companies	-
11.	Justification's for appointment	

None of the directors or their relatives except Shri. Mohan Rao Kancharla and Shri Sai Krishna Kancharla and their relatives are interested or concerned in the said resolution.

The Board recommends this Resolution for your approval.

DIRECTORS' REPORT

To
The Members of
M/s. CES LIMITED

The Directors have pleasure in presenting the 33rd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March 2018 (01.04.2017 to 31.03.2018).

FINANCIAL RESULTS

(Rs. In Lacs)

	Consolidated		Standalone	
	2017-2018	2016-2017	2017-2018	2016-2017
Total Revenue	20,431.78	22,652.75	7,454.69	6,752.35
Profit Before Depreciation	1,793.27	2,715.43	987.13	1,739.32
Depreciation	607.50	534.68	269.60	206.75
Profit Before Taxation	1,185.77	2,180.75	717.53	1,532.54
Provision for Taxation	360.47	690.27	235.31	479.53
Profit after Taxation	825.30	1,490.48	482.22	1,053.04
Total Comprehensive Income	833.93	1,464.86	491.21	987.41
Brought Forward Profit/(Loss)	5,031.85	3,566.99	3,854.52	2,867.11
Balance carried to Balance Sheet	5,866.77	5,031.85	4,345.73	3,854.52

BUSINESS PERFORMANCE OF THE COMPANY

Standalone: Our revenue for financial year 2017-18 is Rs. 7,454.69 Lacs and our profit after tax (PAT) Rs.482.22 Lacs.

Consolidated: Our consolidated financial results for financial year 2017-18 is Rs. 20,431.78 Lacs and our consolidated profit after tax (PAT) is Rs. 825.30 Lacs.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

Name	Designation / Category
Mr. Duruvasan Ramachandra (00223052)	Chairman(Independent Director)
Mr. Murali Krishna Tummala (01889806)	Member (Independent Director)
Mr. 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 2017-2018, SIX BOARD MEETINGS WERE HELD AS FOLLOWS:

30.05.2017, 03.07.2017, 06.09.2017, 13.09.2017, 08.12.2017, 14.02.2018.

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 2018, 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 contract with its wholly own Subsidiary i.e. CES USA Inc. The Board of Directors and Shareholders of the Company have 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 this property with high quality Infrastructure and started its business operations in month of June, 2017. The 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 2017-18:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

(a) Conservation of Energy:

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

- Turning off monitors during weekends.
- Hibernation of Desktops & notebook computers when not in use.
- Turning off lights in all floors when not working.
- Turning off the Air Conditioners during non-peak hours and on weekends.

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

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

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

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

(c) Foreign Exchange earnings and outgo:

(Rs. In Lacs)

Particulars	31.03.2018	31.03.2017
Foreign Exchange Earnings	7,442.31/-	6,708.89/-
Foreign Exchange Outgo :	-	
Foreign Travelling	123.25/-	108.71/-
Professional & Consultancy Fees	-	26.87/-
Purchase of Capital Goods	-	20.19/-

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 previous Statutory Auditors. The term of the previous 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, had, approved the appointment of M/s. PCN & Associates (Formerly known as 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 Information Technologies Private Limited.

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDIAN ITES (BPM) INDUSTRY

Globally, the IT-BPM industry (excluding hardware) grew at a pace of 4.3% YOY in the year 2017, which was faster than the 4% growth in 2016 over 2015. Packaged software saw the fastest expansion over 2016 at 7.7% vs. 2.4% for IT Services and 3.4% for BPM. Global sourcing within the IT-BPM industry outpaced the overall industry by growing 1.4X in the same period, with India maintaining its position as the world's no. 1 global sourcing destination.

India's IT-BPM industry (excluding e-Commerce) was estimated to have grown at ~8% in FY2017-18 to USD 167 billion from USD 154 billion in FY2016-17. Exports constituted USD 126 billion out of the total industry size of USD 167 billion in FY2017-18, and balance USD 41 billion was from the domestic market. Growth in exports in this period was 7.7% over FY2016-17 and the domestic market grew at 8.8%. In the export market, IT Services segment growth was ~6% as against ~8% for BPM exports. In the domestic IT-BPM market (excluding e-Commerce), IT Services was the major contributor to the incremental growth and the fastest growing segment. eCommerce market also saw an increase of ~17% YOY in 2017 in India.

Some of the major trends for the FY2017-18 were as follows:

- Shifting demand, globally, in IT Services from traditional Application Lifecycle Management solutions to digital solutions, which is driving the growth.
- In the BPM segment, Robotic Process Automation, Analytics and Chat-bots are the key emerging segments for industry evolution.
- Transition to SaaS models continued unabated in the Packaged Software segment, driven by Financial Management Systems, Human Capital Management and Analytics solutions.
- Digital solutions were expected to have increased the contribution to Indian IT industry's revenues from 14% in FY2015-16 to 20% in FY2017-18. And this figure is expected to rise to 38% by 2025, suggesting that the traditional IT-BPM offerings will either face low growth or decline going forward.
- Major political headwinds for the global sourcing of IT-BPM services have been taken in stride by the sector, especially the larger players have adopted their business models to factor visa and employment related adverse regulations.
- Continued increase in digital penetration in the Indian economy was evident from the increase in internet penetration to 481 million by the end of 2017, an 11.3% growth from 2016. Some of the initiatives of Government of India as part of the Digital India mission are expected to further promote use of digital solutions within the country, these are:
 - Goods & Services Tax Network (GSTN) for providing common and shared IT infrastructure and services to all the stakeholders for implementation of the Goods & Services Tax (GST). Empower at least one person per household with digital literacy skills by 2020.
 - Promotion of cash-less economy through various government incentives such as referral bonus scheme to promote the use of BHIM, zero service tax on railway tickets booked online and launch of Aadhaar-based mobile app.
 - 44 Mission Mode Projects to deliver government services via electronic mode.

These trends are creating opportunities within the Indian IT-BPM industry for players which are focused on providing digital solutions and invest in human resources skilled in digital technologies. The industry is expected to continue to grow between 7 – 9% in FY2018- 19. Digital spending by companies is expected to be one of the main growth drivers, with a jump from the present USD 180 billion to USD 310 billion by 2020. Gartner has projected the overall IT spending to grow at 4.5% in 2018 to USD 3.7 trillion. Some of the major new areas of spends would be Artificial Intelligence, Blockchain and Internet of Things (IoT). Worldwide spending on IT by financial services firms is expected to rise to USD 500 billion by 2021 from a projected USD 440 billion that is expected to be spent in 2018. In the Healthcare sector, the global spending on IT is expected to grow by 8.8% in 2018 over 2017 as per research by Forrester Research. The BPM industry is also expected to grow well in 2018 with the increased optimism after major concerns in 2017 related to skill shortages, trade protectionism, etc.

Company Overview

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

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

FUTURE OUTLOOK

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:

PARTICULARS	2017-18		2016-17	
	(Rs. In Lacs)			
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	1,149.35	6,292.96	1,029.17	5,681.49
Profit Before Taxes	18.14	699.40	277.63	1,189.31
Provision for Taxes	5.95	229.36	90.76	388.77
Profit After Taxes	12.19	470.04	186.88	800.53

GEOGRAPHICAL SEGMENT:

PARTICULARS	2017-18		2016-17	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	7,442.31	0.00	6,708.89	1.77
Profit Before Taxes	717.54	0.00	1,466.55	0.39
Provision for Taxes	235.31	0.00	479.40	0.13
Profit After Taxes	482.23	0.00	987.15	0.26

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

(Rs. In Lacs)

PARTICULARS	2017-18		2016-17	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	3,907.67	16,480.85	2,845.32	19,744.28
Profit Before Taxes	493.94	700.46	805.99	1,349.14
Provision for Taxes	149.07	211.40	258.15	432.12
Profit After Taxes	344.87	489.06	547.84	917.02

GEOGRAPHICAL SEGMENT:

PARTICULARS	2017-18		2016-17	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	20,324.37	64.15	22,471.15	118.45
Profit Before Taxes	1,184.84	9.56	2,126.15	28.98
Provision for Taxes	357.59	2.88	680.99	9.28
Profit After Taxes	827.26	6.67	1,445.16	19.70

(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) GST etc. We are taking adequate efforts to comply with the entire statutory requirement on an ongoing basis and the same is subject to Internal Audit on a quarterly basis. We also take the help of external consultants to handle specific issues as and when it arises.

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 70 INR. Also the increase in share of domestic revenue will mitigate this risk to an extent. Our results of operation will be affected if the rupee- dollar rates continues to behave in a volatile manner in future or rupee appreciates significantly against dollar and other currencies.

GEOGRAPHICAL CONCENTRATION OF CLIENTS

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

INFRASTRUCTURE RISKS

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

HUMAN RESOURCES RISK

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

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

(d) Internal control systems and their adequacy:

CES Limited (CES) has adequate internal controls and checks in place for 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.

Compliance and Certification Achievements in Year 2018: 2019

CES is glad to announce the achievement of **“CMMI Maturity Level 5”: a highest standard for attaining Capability and Maturity for Service Delivery. The Service Delivery Centre-Hyderabad is appraised at CMMI Level 5 in May 2018.**

Having esteemed customers added to its business, CES is currently focusing on **ISO 22301: International Standard for Business Continuity Management**. This shall enable and assure customers that CES is capable of delivering the agreed services despite of any business disruptions. Having added the New Vishakhapatnam Location, CES promises a robust Business Continuity Framework in place for any service deliver from Hyderabad-Chennai-Vishakhapatnam locations. The Business Continuity Certification project are already kicked-off and are slated to be completed by end of 2018 or early 2019

CES has also completed ISO 9001: 2015 International Standard for Quality Management System (QMS),

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

Payment Card Industry, Data Security Standard (PCIDSS): V3.2 - Compliance for Order and Payment processing and Customer support services in previous years and compliance of the same are audit by our Trained Internal Auditors as well TUV Rhineland (our Independent Certification Auditors) periodically.

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.

(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

At CES, we provide our employees a work culture that helps them thrive professionally and personally. We regularly undertake various activities to enhance employee engagement and promote the spirit of teamwork.



Winners of the Chess and Carrom competition organised by the Company as a part of Indoor Activities for Employees with the Whole Time Director in the center.



Focused on team building and providing fun and frolic to the employees, the Company organised CES Cricket Tournament with a total of eight participating teams. The sporting extravaganza, while promoting fitness and sportsmanship among employees, strengthened bonding. Royal Strikers were the winners of the tournament.



Annual eye check-up organised for the employees

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

(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, 2018	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	4	Y	1	-	-	-
Mr.Mohan Kancharla	5	Y	7	-	-	-
Mr.Duruvasan Ramachandra	6	Y	1	-	-	-
Mrs. Aruna Krishna Sabbineni	1	NA	3	-	-	-
Mr. Murali Krishna Tummala	5	Y	5	-	-	-
Rama Krishna Sabbineni	2	NA	3			

*Mr. Murali Krishna Tummala Appointed as Chairman of the Company on 30.05.2017.

*Mr. Ram Rao Kancharla resigned from Board on 24.06.2017.

* Mr. Sai Krishna Kancharla was appointed Director on 03.07.2017.

*Mr. Appa Rao Kancharla was appointed as Alternate Director for Mr. Sai Krishna Kancharla on 06.09.2017.

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 Grandfather of Shri Sai Krishna Kancharla.

(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, 2018:

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:

Four Audit Committee Meetings were held during the year ended 31st March, 2018. The maximum time gap between any of the two meetings was not more than four months.

Audit Committee Meetings held during the year 2017-18 and attendance details:

Date of the Meeting	Committee Strength	No. of Directors present
30.05.2017	3	3
13.09.2017	3	3
08.12.2017	3	3
14.02.2018	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, 2018:

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
30.05.2017	3	3
03.07.2017	3	3
06.09.2017	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:

5. REMUNERATION DIRECTORS:

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	7.31
Commission	
Contribution to Provident Fund and Superannuation Fund	
Benefits	
Total	7.31

6. Stakeholders' grievance committee:

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

7. General body meetings:

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

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

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

Financial Year	Special resolutions Passed at Previous AGM
2016-17 29.09.2017	No Special Resolution.
2015-16 29.09.2016	No Special Resolution.
2014-15 29.09.2015	1. Appointment of Smt .Aruna Krishna Sabbineni as Director. 2. Appointment of Shri Murali Krishna Tummala as Independent Director. 3. Adoption of Articles of Association. 4. To Approve Remuneration of Shri Mohana Rao Kancharla.

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

No Such Resolution passed through postal Ballot.

(c) Person who conducted the postal ballot exercise;

Not Applicable

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

Not Applicable

(e) Procedure for postal ballot.

Not Applicable

8. Means of communication:

(f) Quarterly results;

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

30.05.2017, 13.08.2017, 08.12.2017 and 14.02.2018

(g) Newspapers wherein results normally published;

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

(h) Website, where displayed;

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

(i) Whether it also displays official news releases;

It also displays official information on cesltd.com

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

The Company has not made any Investor related presentation in the 2017-18 , but it has plans to make it in the 2018-19.

9. General shareholder information:

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

Annual general meeting to be held on 28.09.2017 at 4: 00 pm at Registered office of the Company at 7th Floor, Tower-A., Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032.

(l) Financial year;

2017-2018

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

The Company is Listed on two Stock Exchanges;

1. Bombay Stock Exchange

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

2. Ahmedabad Stock Exchange

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

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

(n) Stock code;

Stock code for Bombay Stock Exchange: 512341

Stock Code for Ahmedabad Stock Exchange: 52380

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

S. No	Month 2017-18	High	Low
1	April	8.02	8.02
2	May	8.02	8.02
3	June	8.02	8.02
4	July	8.02	8.02

5	August	8.02	8.02
6	September	8.02	8.02
7	October	8.02	8.02
8	November	8.02	8.02
9	December	8.02	8.02
10	January	8.02	8.02
11	February	8.02	8.02
12	March	8.02	8.02

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

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

Registrar to an issue and share transfer agents;

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

ISIN for the Equity Shares: INE396F01013

(q) Share transfer system;

These are taken care by RTA of the Company

(r) Distribution of shareholding;

Distribution of Shareholding as on 31st March, 2018:

SL NO	CATEGORY	HOLDERS	HOLDERS PERCENTAGE	SHARES	AMOUNT	AMOUNT PERCENTAGE
1	1 - 5000	6	21.43	1281	12810	0.1
2	10001 - 20000	1	3.57	1050	10500	0.08
3	2000 - 30000	4	14.29	9900	99000	0.76
4	30001 - 40000	1	3.57	3100	31000	0.24
5	100001 & Above	16	57.14	1284669	12846690	98.82
	Total:	28	100	1300000	13000000	100

(s) Demat and Physical Shares;

SL.NO.	PARTICULARS	NO OF SHARES	% OF TOTAL ISSUED CAPITAL
1	Issued Capital	1300000	100
2	Listed Capital	1300000	100
3	Held in Dematerialized form in CDSL	266140	20.48
4	Held in Dematerialized form in NDSL	823589	63.35
5	Physical	210271	16.17
6	Total no. of Shares	1300000	100

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

The Company do not have any such Securities.

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

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

(v) Office Locations

INDIA

HYDERABAD

Registered Office

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

Branch Office

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

CHENNAI

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

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

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

USA

DETROIT

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

CHICAGO

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

DALLAS

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

CANADA

WINDSOR

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

UAE

DUBAI

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

VISHAKHAPATNAM (NEW CENTER)

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

Geographical Locations



10. OTHER DISCLOSURES:

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

No Such instance

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

No Such Penalty was imposed on Company

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

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

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, 2018 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.

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, 2018, as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period April 1st, 2017 to March 31st, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above- mentioned Listing Agreement/Listing Regulation, as applicable.

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

(Firm Regn No:016016S)

M/s PCN & Associates.

(Formerly known as Chandrababu & Co.)

Plot No.12 N Heights Software layout unit,

Cyderabad,Hyderabad - 500 081.

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

PROGRAMMES & PROJECTS

At CES, we believe in being change initiators. We consider development of the society as equally important as business growth. For this, we have formed a separate entity, CES Foundation, through which we undertake our various CSR activities. We provide funds to help underprivileged sections of the society in the areas of education, healthcare and sanitation.

Empowering children with education

Children are the future of the nation and education is vital for their progress. We support this purpose by funding the education of the underprivileged children.



CES Foundation giving cheque to the underprivileged sections to support children education



CES Foundation contributes Rs. 1 Lakh Cheque to Horse Spice Rotary Club

Healthcare

Focused on improving healthcare scenario, we support the Saathi Foundation, an NGO fighting against HIV. The NGO works closely with pregnant HIV mothers to ensure the child remains protected.



Saathi, an NGO fighting against HIV to prevent spread of disease from mother to child during Pregnancy.

Swachhta Hi Seva

We have aligned ourselves with the Government's 'Swachhta Hi Seva' campaign and contributed 20% of our Corporate Social Responsibility (CSR) spending towards Swachh Bharat Kosh (SBK) during 'Swachhta Hi Seva' campaign.

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

Financial Years	Year
2014-15	Rs. 68,539,734
2015-16	Rs. 121,082,191
2016-17	Rs. 146,693,632
Average of previous three years	Rs. 112,105,186

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 2017-2018.**

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 2017-18**

15 %

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

The Permanent employees on rolls of the Company were 587 as on 31st March 2018

- (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, 2018 who are receiving higher salary than Director; the ratio is 1: 151

- (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 2018:

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	16	327071	25.16
Foreign Nationals/NRIs/ OCBs	-	-	-
Clearing Members	-	-	-
FII's	-	-	-
GRAND TOTAL	28	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, 2018 as envisaged in SEBI LODR (Regulations) 2015 with stock exchanges.

Place: Hyderabad
Date: 04.09.2017.

Whole Time Director
September 04th 2018

FORM AOC.1 (Annexure -I)

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

Part "A": Subsidiaries

(Rs. In Lacs)

S.No.	Particulars	Name of the Subsidiary			
		CES USA Inc.	CES Information Technologies Pvt. Ltd.	CES Technology Services Private Limited	CES Global IT Solutions Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable, as the reporting period is same for all the subsidiaries.			
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD (1USD=65.0441)	INR	INR	INR
3	Share capital	345.90	1.00	1.00	1.00
4	Reserves & surplus	764.38	472.14	191.27	350.05
5	Total assets	3,944.96	725.13	282.60	423.06
6	Total Liabilities	3,944.96	725.13	282.60	423.06
7	Investments	-	-	-	-
8	Turnover	10,290.39	1,497.49	435.40	825.43
9	Profit before taxation	53.10	262.69	2.30	150.15
10	Provision for taxation	28.48	50.61	1.10	44.97
11	Profit after taxation	24.62	212.08	1.20	105.18
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	70%	60.99%	70%

FORM NO. MGT.9 (Annexure-II)

(EXTRACT OF ANNUAL RETURN)

As on the financial year ended on 31st March, 2018 [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	60.99%	2(87)
4	CES Global IT Solutions Private Limited	U72200TG2014PTC095431	Subsidiary Company	70 %	2(87)
3.	CES Information Systems Private Limited	U72200TG2001PTC037992	Associate Company	NA	2(6)
4.	Infra Master Private Limited	U70102TG2007PTC052277	Associate Company	NA	2(6)

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

I) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)Non-Institutions									
a)Bodies Corporate	-	-	-	-	-	-	-	-	-
i)Indian	-	-	-	-	-	-	-	-	-
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital up to Rs. 1 lakh	1260	13471	14731	1.13	1260	13471	14731	1.13	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	240540	71800	312340	24.03	240540	71800	312340	24.03	Nil
C)Others (specify)									
Foreign Nationals	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	241800	85271	327071	25.16	241800	85271	327071	25.16	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	241800	85271	327071	25.16	241800	85271	327071	25.16	Nil
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1089729	210271	1300000	100	1089729	210271	1300000	100	Nil

(II) SHAREHOLDING OF PROMOTERS

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr.Ram Kancharla	367150	28.24	Nil	367150	28.24	Nil	Nil
2	Mr.Venkat 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

(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	49200	3.78				49200	3.78
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	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr.Ram Kancharla	367150	28.24	367150	28.24
2	Mr.Venkat Davarapalli	315650	24.28	315650	24.28
3	Mr.Srinivasa Chakravarty Yalamati	51629	3.97	51629	3.97
4	Mr.Mohan Kancharla	25000	1.92	25000	1.92
5.	Mr.Appa Rao Kancharla	Nil	Nil	Nil	Nil
6.	Mrs. Aruna Krishna Sabbineni	Nil	Nil	Nil	
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	774.97	-	-	774.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	372.39	-	-	372.39
Total (i+ii+iii)	1,147.36	-	-	1,147.36
Change in Indebtedness during the financial year				

* Additions	487.35	-	-	487.35
* Reduction#	457.30	-	-	457.30
Net Change	30.05	-	-	30.05
Indebtedness at the end of the financial year				
i) Principal Amount	882.75	-	-	882.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	294.66	-	-	294.66
Total (i+ii+iii)	1,177.41	-	-	1,177.41

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	7.31 - -
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as a % of profit	-
	- Others, specify...	-
Total		7.31
Ceiling as per the Act		49.37

B. Remuneration to other Directors:

(Rs.)

S.No.	Particulars of Remuneration	Name of the Director		Total Amount
		Duruvasan Ramachandra	Murali Krishna Tummala	
1	Fee for attending board / committee meetings	100,000	95,000	1,95,000
2	Commission	Nil	Nil	Nil
3	Others, please specify	Nil	Nil	Nil
Total (B1)				1,95,000
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)								1,95,000
Total (B)=(B1+B2)								-
Total Sitting Fees								1,95,000
Total Commission								-
Overall Ceiling as per the Act for payment of commission to Non-Executive Directors								9,87,000

C. Remuneration to Key Managerial Personnel Other than MD / Manager/WT

(Rs. Lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bernaji Mallampatti, Chief Financial Officer	Mr. Surya Prakash M Company Secretary	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.27	8.11	24.38
	(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, 2018

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, 2018 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, 2018 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 the Company had appointed Shri Tummala Murali Krishna as Chairman of the Company on 30.05.2017.
- 2) During the financial year the Company had issued special Notice for removal of Director in one of its Subsidiary Company, CES Technology Services Private Limited.
- 3) During the Financial year it was also noticed that CES Limited holding 60.99 % Shareholding in CES Technology Services Private Limited has dispute with one of the minority Shareholder and matter is before NCLT Hyderabad.
- 4) Pursuant to Regulation 31(2) of SEBI (LODR) Regulation 2015, 100 % Promoter Holding to be in dematerialized 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, 2018.

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

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

Place: Hyderabad

Date: 1st September 2018

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, 2018
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 25th, 2018 (10:00 am) and ends on September 27, 2018 (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 21st September, 2018. 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. 21st September, 2018, 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 27th September 2018 and the cut-off date shall be 21st September 2018

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 25th, 2018 (10:00 am) and ends on September 27, 2018 (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
CES Limited

Report on the consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of M/s. **CES Limited** ("the Holding Company"), and its subsidiary together referred to as "the Group" comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income) and Consolidated Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements')

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 and auditing 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 Ind AS Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated Ind AS 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, including the Ind AS, of the consolidated financial position of the group, as at 31st March 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the changes in equity for the year then ended.

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 Ind AS financial statements;
- b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 including other comprehensive income, and the consolidated Cash Flow Statement and the Statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has no pending litigations which would impact on its financial position.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.

Other Matter

We did not audit the financial statements of below mentioned list of subsidiary Companies included in the consolidated Ind AS financial results, whose Ind AS financial statements/financial information reflect total assets of Rs. 46,51,60,944/- as at 31st March 2018, total revenue of Rs. 1,15,81,76,774/- for the year ended 31st March 2018. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management except for one subsidiary i.e., CES USA Inc. for which the Ind AS financial statements and other financial information have been prepared and furnished to us by the management and not been audited by any other auditor. Our opinion, in so far as it relates to the aforesaid subsidiary is based on solely on such unaudited financial statements and other financial information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements and the other financial information of subsidiaries, these consolidated financial results:

- i). includes the results of the following entities:
 - a) CES Information Technologies Private Limited.
 - b) CBS Global It Solutions Private Limited.
 - c) CES Technology Services Private Limited
 - d) CES USA INC

**For P C N & Associates,
(Formerly known as ChandraBabu Naidu & Co.,)
Chartered Accountants
FRN:016016S**

Sd/-
M Naveen
Partner
M.No: 237316

Place: Hyderabad
Date: 30-05-2018.

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 Ind AS financial statements of the company as of and for the year ended 31st March 2018, 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 Consolidated Ind AS 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 deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, The Holding Company and its subsidiary companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**For P C N & Associates,
(Formerly known as ChandraBabu Naidu & Co.,)
Chartered Accountants
FRN: 016016S**

Sd/-
**M Naveen
Partner
M.No: 237316**

**Place: Hyderabad
Date: 30-05-2018.**

CES LIMITED

Balance Sheet as at 31st, March 2018

Particulars	Note No	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
ASSETS:				
1 Non-Current Assets:				
(a) Property, Plant and Equipment	1	435,569,416	430,723,397	255,033,135
(b) Capital Work-in-progress		77,675,325	70,863,441	48,825,767
(c) Goodwill		71,901,715	20,045,850	40,268,927
(d) Goodwill on Consolidation		43,697,978	43,697,978	-
(e) Financial Assets:				
(i) Loans	2	0	20,251,586	15,919,896
(ii) Other Financial Assets	2	10,467,933	12,120,981	11,021,397
(f) Deferred Tax Asset		(95,862)	-	-
2 Current Assets:				
(a) Financial Assets:				
(i) Trade Receivables	3	350,523,273	373,673,330	276,039,567
(ii) Cash and Cash Equivalents	4	120,108,992	76,343,162	104,834,256
(iii) Loans	5	219,158,767	123,536,804	142,419,462
(b) Other Current Assets	6	114,157,200	172,902,905	111,496,630
Total		1,443,164,737	1,344,159,434	1,005,859,037
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	7	13,000,000	13,000,000	13,000,000
(b) Other Equity	8	745,143,695	701,232,225	519,338,018
Liabilities				
1 Non-Current Liabilities				
(a) Financial Liabilities:				
(i) Borrowings	9	101,712,218	169,351,025	100,254,965
(b) Provisions	10	16,959,520	20,463,635	16,919,219
(c) Deferred Tax Liabilities (Net)	11	16,695,302	11,218,000	11,868,240
2 Current Liabilities				
(a) Financial Liabilities:				
(i) Trade Payables	12	73,471,212	86,155,712	91,148,926
(b) Other Current Liabilities	13	204,974,928	217,707,704	112,668,424
(c) Provisions	14	271,207,859	125,031,132	140,661,244
Total		1,443,164,737	1,344,159,434	1,005,859,037

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
(Formerly known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Regn. No: 0160165

For and on behalf of the Board
CES Limited

sd/-
M.Naveen
Partner
M.No. 237316

sd/-
Mohana Rao Kancharla
Director

sd/-
Appa Rao Kancherla
Director

Place : Hyderabad
Date : 30th May, 2018.

sd/-
Benarji Mallampati
Chief Financial Officer

sd/-
Surya Prakash M
Company Secretary

CES LIMITED			
Statement of Profit and Loss for the Year ended 31st March 2018			
Particulars	Note No	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
I. Revenue from Operations	15	2,038,850,848	2,258,960,243
II. Other Income	16	4,326,866	6,314,991
III. Total Income (I +II)		2,043,177,714	2,265,275,234
<u>IV. Expenses:</u>			
Employee Benefits expense	17	1,552,519,295	1,735,998,904
Finance costs	18	8,121,093	12,068,248
Depreciation and amortization expense	1	60,750,148	53,468,140
Other Expenses	19	303,210,072	245,664,731
IV. Total Expenses		1,924,600,608	2,047,200,023
V. Profit/(Loss) before exceptional items and tax (III - IV)		118,577,106	218,075,211
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		118,577,106	218,075,211
VIII. Tax expense:			
(1) Current tax		34,730,988	67,194,377
(2) Deferred tax		1,316,323	1,832,717
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		82,529,795	149,048,117
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		926,012	2,562,479
(ii) Actuarial loss on defined benefit plans reconginised in accordance with Ind AS 19.		(1,788,974)	-
Total Comprehensive Income for the period		83,392,757	146,485,635
XI. Earnings per equity share (for continuing operation):			
(1) Basic		63.48	114.65
(2) Diluted		63.48	114.65

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
(Formerly known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Regn. No: 016016S

sd/-
M.Naveen
Partner
M.No. 237316

Place : Hyderabad
Date : 30th May, 2018.

For and on behalf of the Board
CES Limited

sd/-
Mohana Rao Kancharla
Director

sd/-
Benarji Mallampati
Chief Financial Officer

sd/-
Appa Rao Kancherla
Director

sd/-
Surya Prakash M
Company Secretary

CES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	118,577,106	215,512,729
Adjustments for:		
Interest	8,121,093	14,599,997
Depreciation	60,750,148	53,468,140
Comprehensive income for the year	(862,962)	-
Operating Profit before working capital changes	186,585,385	283,580,866
Adjustments for:		
Trade and other receivables	23,150,057	(97,633,763)
Short Term Loans and Advances	(95,621,963)	18,882,658
Other Current Liabilities	(12,732,776)	105,039,280
Short Term provisions	146,176,727	(15,630,112)
Trade payables	(12,684,500)	(4,993,214)
Other Current assets	58,745,705	(61,406,275)
Cash generated from operations	293,618,635	227,839,440
Direct taxes	(36,047,311)	(67,194,377)
Cash flow before extraordinary items	257,571,324	160,645,063
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	257,571,324	160,645,063
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(72,648,079)	(266,846,602)
Sale/Adjustment of Assets	(83,798,034)	25,101,239
Net Cash Used In Investing Activities	(156,446,113)	(241,745,363)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(8,121,093)	(14,599,997)
Long Term Liabilities	(67,638,807)	69,096,060
Long Term Provisions	(3,504,115)	3,544,416
Long Term Loans and Advances	21,904,634	(5,431,274)
Net Cash Flow From Financing Activities	(57,359,381)	52,609,205
NET INCREASE\DECREASE) IN CASH AND CASH EQUIVALENTS	43,765,830	(28,491,095)
Cash and Cash equivalents (Opening Balance)	76,343,162	104,834,256
Cash and Cash equivalents (Closing Balance)	120,108,992	76,343,162

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,

(Formerly known as Chandrababu Naidu & Co.)

Chartered Accountants

Firm Regn. No: 007257S

sd/-

M.Naveen

Partner

M.No. 237316

For and on behalf of the Board

CES Limited

sd/-

Mohana Rao Kancharla

Director

sd/-

Appa Rao Kancherla

Director

sd/-

Benarji Mallampati

Chief Financial Officer

sd/-

Surya Prakash Mungelkar

Company Secretary

Place : Hyderabad.

Date : 30th May, 2018.

CES LIMITED

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

A. EQUITY SHARECAPITAL:

Balance as at 1st April 2016	Changes in Equity Capital during the year	Balance as at 31st March 2017
13,000,000	-	13,000,000

Balance as at 1st April 2017	Changes in Equity Capital during the year	Balance as at 31st March 2018
13,000,000	-	13,000,000

B. OTHER EQUITY:

Particulars	Exchange differences on translating the financial statements of a foreign operation	Surplus in Statement of P & L	Retained Earnings	TOTAL (Rs.)
Balance at the beginning of the reporting period as at 1st April 2016	-	-	519,338,018	519,338,018
Restated balance at the beginning of the reporting period	-	-	519,338,018	519,338,018
Total comprehensive Income for the Year	-	146,485,635	-	146,485,635
Transfer to General Reserve	-	-	-	-
Any other change (to be specified) - FCTR	35,408,572			35,408,572
Transfer to Retained Earnings	(35,408,572)	(146,485,635)	181,894,207	-
Balance at the end of the reporting period as at 31st March 2017.	-	-	701,232,225	701,232,225
Balance at the beginning of the reporting period as at 1st April 2017	-	-	701,232,225	701,232,225
Restated balance at the beginning of the reporting period	-	-	701,232,225	701,232,225
Total comprehensive Income for the Year	-	83,392,757	-	83,392,757
Transfer to General Reserve	-	-	-	-
Any other change (to be specified) - FCTR	(39,481,287)			(39,481,287)
Transfer to Retained Earnings	39,481,287	(83,392,757)	43,911,470	-
Balance at the end of the reporting period as at 31st March 2018.	-	-	745,143,695	745,143,695

CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2018

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2018	Net Block as on 31.03.2017
		As on 01.04.2017	Additions during the Year	Deletions during the Year	As on 31.03.2018	Dep. As on 01.04.2017	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	PROPERTY, PLANT AND EQUIPMENT:										
1	BUILDINGS (HYDERABAD)	241,453,367	11,970,879	-	253,424,246	6,094,598	-	3,962,491	10,057,089	243,367,157	235,358,769
2	COMPUTERS & SOFTWARE	232,407,251	(4,727,700)	-	227,679,551	153,604,162	-	41,632,360	143,620,685	84,058,866	133,461,613
3	OFFICE EQUIPMENT	26,495,200	27,272,229	-	53,767,429	16,682,517	-	7,053,238	23,735,755	30,031,674	9,873,716
4	FURNITURE AND FIXTURES	28,889,202	31,196,287	-	60,085,489	9,812,216	-	4,212,240	14,024,456	46,061,033	19,076,986
5	MOTOR VEHICLES	5,550,912	-	-	5,550,912	2,973,759	-	507,912	3,481,671	2,069,241	2,577,153
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	286,680	-	25,295	311,975	2,192,275	2,217,570
7	BUILDING (SIPCOT)	31,221,607	124,500	-	31,346,107	3,064,017	-	492,920	3,556,937	27,789,170	28,157,590
	INTANGIBLE ASSETS:										
1	GOODWILL	83,356,486	-	-	83,356,486	8,591,079	-	2,863,692	11,454,771	71,901,715	20,045,850
	CAPITAL WORK IN PROGRESS										
1	BUILDING (VSP)	70,863,441	6,811,884	-	77,675,325	-	-	-	-	77,675,325	70,863,441
	TOTAL	722,741,716	72,648,079	-	795,389,795	201,109,028	-	60,750,148	210,243,339	585,146,456	521,632,688
	PREVIOUS YEAR	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

CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & 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	Dep. For the year	Depreciation on Deletions during	Total Depreciation		
	PROPERTY, PLANT & EQUIPMENT:										
1	Buildings (Hyderabad)	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	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	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	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	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)	2,504,250	-	-	2,504,250	261,385	25,295	-	286,680	2,217,570	2,242,865
7	Buildings (SIPCOT)	31,221,607	-	-	31,221,607	2,578,429	485,588	-	3,064,017	28,157,590	28,643,178
8	Lease Hold Improvements	-	-	-	-	-	-	-	-	-	-
	INTANGIBLE ASSETS										
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
	CAPITAL WORK IN PROGRESS										
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 Financial Statements for the Year ended 31st March, 2018

NOTE NO. 2 : LOANS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Loans to Related Parties			
	Unsecured, Considered Good	0	20,251,586	15,919,896
II	Other Financial Assets:			
	Security Deposit			
	Secured, Considered Good	10,467,933	12,120,981	11,021,397
	Total Loans	10,467,933	32,372,567	26,941,293

NOTE NO. 3 : TRADE RECEIVABLES

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Unsecured, Considered Good	354,154,731	380,467,498	279,640,010
		354,154,731	380,467,498	279,640,010
	Less: Allowance for Doubtful Debts	3,631,457	6,794,168	3,600,443
	Total Trade Receivables	350,523,273	373,673,330	276,039,567

NOTE NO. 4 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Cash and cash equivalents :			
	a) Balances with banks :			
	1) On Current Accounts	105,555,055	63,244,443	96,677,211
	2) Bank deposits with more than 12 months maturity	1,240,115	1,140,000	1,040,000
	3) Bank deposits with less than 12 months maturity	13,101,639	11,723,096	7,022,500
	b) Cash on hand	212,183	235,624	94,546
	Total Cash and Cash Equivalents	120,108,992	76,343,162	104,834,256

NOTE NO. 5 : LOANS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Unsecured, Considered Good			
	Loans and Advances to Employees	4,888,326	6,843,062	4,718,770
	Prepaid Expenses	16,301,257	10,641,945	5,961,028
	Advance for Expenses	1,392,487	3,086,162	3,397,995
	Service Tax Input Credit	35,899,855	27,410,778	22,911,253
	Advance for Immovable Property	-	-	11,333,940
	Advance Tax and TDS Receivable	74,821,802	70,872,472	88,037,343
	Other Advances	85,855,040	4,682,385	6,059,133
	Total Loans and Advances	219,158,767	123,536,804	142,419,462

NOTE NO. 6 : OTHER CURRENT ASSETS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,869,428	1,934,154	2,010,374
	Other Current Assets	110,856,136	168,745,764	107,263,269
	MAT Credit	431,636	2,222,987	2,222,987
	Total Other Current Assets	114,157,200	172,902,905	111,496,630

Notes to Financial Statements for the year ended 31st March, 2018

NOTE NO. 7 : EQUITY SHARE CAPITAL

S.No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(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	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	13,000,000
	(c) Subscribed & Fully Paid Up			
	(13,00,000 Shares of 10/- each Current Year)	13,000,000	-	-
	(13,00,000 Shares of 10/- each Previous Year)	13,000,000	13,000,000	13,000,000
	Total Equity Share capital	13,000,000	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	1,300,000
	Issued during the year		-	-
	At the end	1,300,000	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	28.24
	Venkateswara Rao.D - 315,650 Shares (C.Y) 315,650 Shares (P.Y)	24.28	24.28	24.28
	Pokuri Swarnalatha - 113,040 Shares (C.Y) 113,040 Shares (P.Y)	8.70	8.70	8.70
	M.Babu Rao - 71,800 Shares (C.Y) 71,800 Shares (P.Y)	5.52	5.52	5.52

NOTE NO. 8 : OTHER EQUITY

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	RESERVES AND SURPLUS			
	a) General Reserves			
	As at the commencement of the year	45,688,367	45,688,367	45,688,367
	Less: Transferred towards depreciation under Companies Act 2013	-	-	-
		45,688,367	45,688,367	45,688,367
	b) Capital Reserve (Sharewarrants forfeited)	87,000,000	87,000,000	87,000,000
	c) Retained Earnings :			
	i) Opening Balance - Profit and Loss Account	503,185,142	356,699,507	208,929,901
	Add: Transfer from Profit & Loss Account	83,392,756	146,485,635	147,769,606
		99,000	503,185,142	356,699,507
		586,676,898	635,873,509	489,387,874
	Foreign Currency Translation Reserve	25,778,430	65,358,716	29,950,144
	Total Other Equity	745,143,695	701,232,225	519,338,018
	Minority Interest	32,125,104	22,560,624	25,873,533

NOTE NO. 9 : BORROWINGS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Term Loans:			
	a) Term Loans from Banks :			
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	12,597,141	1,560,929	54,847,271
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	75,496,513	75,514,503	38,246,216
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	181,259	421,432	637,977
	b) Other Loans	13,437,304	91,854,161	6,523,500
	Total Borrowings	101,712,218	169,351,025	100,254,965

NOTE NO. 10 : PROVISIONS

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	16,959,520	20,463,635	16,919,219
	Total Provisions	16,959,520	20,463,635	16,919,219

NOTE NO. 11: DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Opening Deferred tax Liability	10,577,338	19,599,323	12,514,245
	Add:			
	Deferred Tax Liability for the year	14,794,397	2,070,392	7,085,078
	Gross Deferred tax Liability	25,371,735	21,669,715	19,599,323
	Opening Deferred tax Asset	8,676,433	7,731,083	7,867,003
	Add: Deferred Tax Asset for the year	-	2,720,632	(135,919)
	Gross Deferred tax Asset	8,676,433	10,451,715	7,731,083
	Deferred Tax Liability/ (Asset) - Net	16,695,302	11,218,000	11,868,240

NOTE NO. 12 : TRADE PAYABLES

S. No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Trade Payables	73,471,212	86,155,712	91,148,926
	Total Trade Payables	73,471,212	86,155,712	91,148,926

NOTE NO. 13 : OTHER CURRENT LIABILITIES

S.No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	29,466,395	37,239,154	-
II	Statutory Liabilities			
	TDS Payable	2,655,848	5,354,348	3,911,319
	Swacha Bharat Cess Payable	(10,993)	11,368	-
	Service Tax Payable		1,043,932	926,121
	GST Payable	130,111		
	Professional Tax Payable	138,599	126,417	115,021
III	Other Liabilities	66,926,466	173,932,485	106,274,018
IV	Loan from related parties	105,668,502	-	-
V	Advance received from Customers		-	1,441,945
	Total Other Current Liabilities	204,974,928	217,707,704	112,668,424

NOTE NO. 14 : PROVISIONS

S.No.	Particulars	Consolidated	Consolidated	Consolidated
		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Provisions for employee benefits			
	Salaries Payable	84,097,759	36,162,510	67,362,907
	ESI Payable	161,155	190,919	173,949
	PF Payable	1,990,044	1,778,340	1,544,947
		86,248,958	38,131,769	69,081,803
	b) Others			
	Provision for Income Tax	33,162,023	47,866,814	47,048,833
	Consultancy Charges Payable	11,850,300		
	Audit Fee Payable	917,528	441,000	261,350
	Other Provisions	139,029,049	38,591,550	24,269,259
		184,958,901	86,899,364	71,579,442
	Total Provisions	271,207,859	125,031,132	140,661,244

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2018

NOTE NO. 15 : REVENUE FROM OPERATIONS

S.No.	Particulars	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	6,414,631	11,845,532
	Export Sales	2,032,436,218	2,247,114,711
	Total Revenue from Operations	2,038,850,848	2,258,960,243

NOTE NO. 16 : OTHER INCOME

S.No.	Particulars	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
I	(a) Interest income	4,326,866	6,314,991
	Total Other Income	4,326,866	6,314,991

NOTE NO. 17 : EMPLOYEE BENEFITS EXPENSE

S.No.	Particulars	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	1,527,312,780	1,711,579,707
	(b) Contribution to Provident & Other Funds	11,905,558	11,178,699
	(c) Staff Welfare Expenses	13,300,958	13,240,499
	Total Employee Benefit Expenses	1,552,519,295	1,735,998,904

NOTE NO. 18 : FINANCE COSTS

S.No.	Particulars	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
I	(a) Interest Expenses	1,735,047	-
	- Interest on Vehicle Loan	46,606	59,546
	- Interest on Term Loan	6,339,440	12,008,702
	Total Finance Cost	8,121,093	12,068,248

NOTE NO. 19 : OTHER EXPENSES

S.No.	Particulars	Consolidated 31-03-2018	Consolidated 31-03-2017
		(Rs.)	(Rs.)
I	(a) Electricity Charges	16,860,591	13,075,184
	(b) Rent	20,249,239	26,694,543
	(c) Repairs to Computers and Equipments	1,655,051	1,904,630
	(d) Insurance	10,141,125	8,018,741
	(a) Telephone, Postage and Others	11,390,072	12,015,856
	(b) Advertisement Expenses	31,615	304,527
	(c) Conveyance & Travelling Expenses	48,172,327	47,687,999
	(d) CSR Expenditure	2,243,000	1,859,800
	(e) Office Maintenance	20,851,738	82,157,001
	(f) Printing & Stationery Expenses/Subscriptions	2,543,050	1,147,670
	(g) Security Charges	2,573,210	1,993,118
	(h) Rates & Taxes (excluding Income Tax)	1,718,686	5,044,509
	(i) Computer Hire Charges	11,546,426	9,485,311
	(j) Professional and Consultancy fee	18,967,790	13,741,809
	(k) Bank Charges	1,340,915	2,531,748
	(l) Expected Credit Losses	31,014	3,193,725
	(m) Taxes of earlier Years	1,604,381	-
	(n) Donation	400,000	-
	(o) Other operating expenses	121,378,967	14,406,560
	(p) Bad debts	638,750	-
	(p) Exchange gain/loss	8,470,124	-
	(q) Payment to Auditors:		-
	(i) As Auditor	402,000	402,000
	Total Other Expenses	303,210,072	245,664,731

SIGNIFICANT ACCOUNTING POLICIES

20. Company overview

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

21. Significant accounting policies

21.1 Basis of preparation of financial statements

The Consolidated financial statements are prepared in accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of shareholders’ equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017.

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

21.1a Principles of Consolidation:

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

The consolidated financial statements include the financial statements of CES Limited and its subsidiaries CES USA Inc. (Wholly owned subsidiary), CES Information Technologies Private Limited (70% owned), CES Technology Services Private Limited (60.99% 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.

21.2 Use of estimates

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

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

21.3 Revenue recognition

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

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

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

21.4 Fixed Assets

Tangible assets

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

Intangible assets

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

Depreciation

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

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease

payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

21.5 Foreign Currency transactions and translation

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

21.6 Taxes on Income

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

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

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

21.7 Earnings per share

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

21.8 Retirement benefits to employees

Gratuity

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

Provident Fund/ESI

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

21.9 Impairment of assets

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

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

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

(b) Segment Revenue and Expense:

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

21.11 Provision and Contingent liabilities

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

21.12 First Time Adoption of Ind AS

The company has prepared its financial statements in accordance with Indian Accounting Standards (Ind AS) as prescribed in the companies Act 2013. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance is set out in the notes to accounts.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018:

22. Related Party Transactions:

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

(Rs. In Lacs)

SL. No	Name of the Related Party	Nature of Relation	Nature of Transaction	2017-18	2016-17
1	Computech Corporation	Common directors	Services rendered	-	737.59/-
2	Mr.Mohana Rao Kancharla	Director	Remuneration	7.31/-	7.30/-
3	Mr.Benarji Mallampati	CFO	Remuneration	16.27/-	15.50/-
4	Mr.Surya Prakash M	Company Secretary	Remuneration	8.11/-	6.75/-

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

24 Explanation of transition to Ind AS:

The transition as at April 1st 2016 to Ind As was carried out from previous GAAP. The exemptions and exceptions applied by the company in accordance with Ind AS 101 – First – time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

(i) Equity Reconciliation:**(Rs. In Lacs)**

Particulars	Consolidated As at 31st March, 2017	Consolidated As at 31st March, 2016
Equity under Previous GAAP attributable to:	7,012.32	5,193.38
(a) Employee benefits-Actuarial gain/loss	-	-
(b) Expected credit loss on trade receivables and financial gurantees.	-	-
(c) Net gain/loss on foreign currency translation and transaction.	25.62	-
(d) Deffered tax adjustments	-	-
(e) Proposed dividend and related distribution tax	-	-
(f) Other comprehensive income (net of tax)	(25.62)	-
Equity under Ind AS	7,012.32	5,193.38

(ii) Total Comprehensive Income Reconciliation:**(Rs. In Lacs)**

Particulars	Consolidated 12 Months ended 31st March, 2017
Net income under Previous GAAP attributable to:	1,464.86
Effect of transition to Ind AS on statement of profit and loss:	
(a) Provision for expected credit loss	-
(b) Actuarial gains/losses recognized in other comprehensive income	-
(c) Net gain/loss on foreign currency translation and transaction.	25.62
(d) Deferred taxes on the above Ind AS adjustments.	-
Total Adjustments	25.62
Net profit for the period under Ind AS	1,490.48
Total other comprehensive income (net of tax)	(25.62)
Total Comprehensive income under Ind AS	1,464.86

25 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, 2018	IT Services	IT Enabled Services	Total
Revenues	3,907.67	16,480.85	20,388.52
Direct Expenses	2,710.54	12,814.65	15,525.19
Gross Income			4,863.33
Less: Un-allocated Expenses			3,630.98
Less: Interest and Other Expenses (NET)			81.22
Add: Interest Income			43.27
Net Profit Before Taxes			1,194.40
Income Taxes			360.47
Net Profit After Taxes			833.93

GEOGRAPHICAL SEGMENTS:

	(Rs. In Lacs)		
Profit and Loss Statements for the year ended 31st March, 2018	USA	DOMESTIC	Total
Revenues	20,324.37	64.15	20,388.52
Direct Expenses	15,482.14	43.05	15,525.19
Gross Income			4,863.33
Less: Un-allocated Expenses			3,630.98
Less: Interest and Other Expenses (NET)			81.22
Add: Interest Income			43.27
Net Profit Before Taxes			1,194.40
Income Taxes			360.47
Net Profit After Taxes			833.93

26 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	76.54	5,802.61	60.83	726.52
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.	6.24	473.14	21.99	262.69
CES Global IT Solutions Pvt. Ltd.	4.63	351.05	12.57	150.15
CES Technology Services Pvt. Ltd.	2.54	192.27	0.19	2.30
Foreign Subsidiaries:				
CES USA Inc.	10.05	762.37	4.42	52.74
TOTAL		7,581.44		1,194.40
Adjustments arising out of consolidation		(348.90)		(102.50)
Minority Interest				
Indian Subsidiaries:				
CES Information Technologies Pvt. Ltd.		(141.64)		(78.81)
CES Global IT Solutions Pvt. Ltd.		(105.02)		(45.05)
CES Technology Services Pvt. Ltd.		(74.60)		(0.90)
Consolidated Net Assets/Profit before Tax		6,911.28		967.14

27 Calculation of EPS as per the Ind AS - 33 for the year ending 31st March, 2018.

	<u>Rs.</u>
Profit available to the equity shareholders	8,25,29,795/-
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	63.48
Diluted Earnings per Share	63.48

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

SIGNATURE TO NOTES 1 To 28

**As per our report of even date
For P C N & Associates,
(Formerly Known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Registration No. 016016S**

**Sd/-
M.Naveen
Partner
Membership No. 237316**

**Place: Hyderabad
Date :30th May, 2018.**

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

**Sd/-
Mohana Rao Kancharla
Director**

**Sd/-
Benarji Mallampati
Chief Financial Officer**

**Sd/-
Appa Rao Kancherla
Director**

**Sd/-
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 Ind AS financial statements of M/s. **CES Limited ("the Company")**, which comprises the Balance Sheet as at 31st March, 2018, Statement of Profit & Loss (Including other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (Herein after referred to as "Ind AS Financial Statement")

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 and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including the other comprehensive income), cash flows and Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under. 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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 including Ind AS of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flow and changes in the equity 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 and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For P C N & Associates

(Formerly known as Chandrababu Naidu & Co.,)

Chartered Accountants

FRN: 016016S

Sd/-

M. Naveen

Partner

M.No:237316

Place: Hyderabad

Date: 30th May 2018

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 2018 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. According to the information and explanations given to us and on the basis of our examination of the records of the company inventories have been physically verified at reasonable intervals of time and no material discrepancies have been found.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty and other material statutory dues, as applicable.

(b) There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance and Income-tax other material statutory dues in arrears as at 31st March 2018 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. The company has not issued any debentures.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.

- xi.** According to information and explanation given to us and based on our examination of records of the company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with schedule V to the Act.
- xii.** In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- xiii.** 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 Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with relevant rules issued there under.
- xiv.** The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company.
- xv.** According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.
- xvi.** The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P C N & Associates
(Formerly known as Chandrababu Naidu & Co.,)
Chartered Accountants
FRN: 016016S

Sd/-
M. Naveen
Partner
M.No:237316

Place: Hyderabad
Date: 30th May 2018.

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 Ind AS financial statements of even date to the members of CES Limited on the Ind AS financial statement for the year ended 31st march 2018.

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 2018 in conjunction with our audit of the Ind AS 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 Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P C N & Associates

(Formerly known as Chandrababu Naidu & Co.,)

Chartered Accountants

FRN: 016016S

Sd/-

M Naveen

Partner

M.No:237316

Place: Hyderabad

Date: 30th May 2018

CES LIMITED

Balance Sheet as at 31st, March 2018

Particulars	Note No	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
ASSETS:				
1 Non-Current Assets:				
(a) Property, Plant and Equipment	1	359,622,321	300,902,387	188,213,805
(b) Capital Work-in-progress		77,675,325	70,863,441	48,825,767
(c) Goodwill		17,182,158	20,045,850	40,268,927
(d) Financial Assets:				
(i) Investments	2	78,488,610	78,488,610	34,740,632
(ii) Loans	3	10,273,844	11,073,844	15,273,844
(iii) Other Financial Assets	3	8,398,932	9,925,152	8,748,952
2 Current Assets:				
(a) Financial Assets:				
(i) Trade Receivables	4	185,007,366	169,700,726	78,680,861
(ii) Cash and Cash Equivalents	5	53,072,507	30,420,621	47,617,857
(iii) Loans	6	161,498,610	115,499,870	118,863,140
(b) Other Current Assets	7	5,347,785	1,923,722	2,010,374
Total		956,567,459	808,844,223	583,244,159
EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share Capital	8	13,000,000	13,000,000	13,000,000
(b) Other Equity	9	567,260,785	518,139,995	419,398,931
Liabilities				
2 Non-Current Liabilities				
(a) Financial Liabilities:				
(i) Borrowings	10	88,274,913	83,980,724	23,633,794
(b) Provisions	11	16,959,520	20,463,635	16,919,219
(c) Deferred Tax Liabilities (Net)	12	3,007,728	1,381,861	1,138,074
3 Current Liabilities				
(a) Financial Liabilities:				
(i) Trade Payables	13	30,697,279	21,292,336	7,119,050
(b) Other Current Liabilities	14	175,234,684	70,761,006	34,776,255
(c) Provisions	15	62,132,549	79,824,666	67,258,836
Total		956,567,459	808,844,223	583,244,159

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
(Formerly known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Regn. No: 016016S

For and on behalf of the Board
CES Limited

sd/-
M.Naveen
Partner
M.No. 237316

sd/-
Mohana Rao Kancharla
Director

sd/-
Appa Rao Kancherla
Director

Place : Hyderabad
Date : 30th May, 2018.

sd/-
Benarji Mallampati
Chief Financial Officer

sd/-
Surya Prakash M
Company Secretary

CES LIMITED			
Statement of Profit and Loss for the Year ended 31st March 2018			
Particulars	Note No	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rs.)	(Rs.)
I. Revenue from Operations	16	744,230,801	671,065,932
II. Other Income	17	1,237,767	4,169,286
III. Total Income (I +II)		745,468,568	675,235,219
<u>IV. Expenses:</u>			
Employee Benefits expense	18	508,336,726	385,790,723
Finance costs	19	6,386,046	10,572,945
Depreciation and amortization expense	1	26,960,374	20,675,311
Other Expenses	20	132,032,597	104,939,461
IV. Total Expenses		673,715,743	521,978,440
V. Profit/(Loss) before exceptional items and tax (III - IV)		71,752,825	153,256,779
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		71,752,825	153,256,779
VIII. Tax expense:			
(1) Current tax		21,905,000	46,200,000
(2) Deferred tax		1,625,868	1,752,568
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		48,221,957	105,304,211
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		890,141	2,562,479
(ii) Actuarial loss on defined benefit plans recognised in accordance with Ind AS 19.		(1,788,974)	4,000,668
Total Comprehensive Income for the period		49,120,790	98,741,064
XI. Earnings per equity share (for continuing operation):			
(1) Basic		37.09	81.00
(2) Diluted		37.09	81.00

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
(Formerly known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Regn. No: 016016S

sd/-
M.Naveen
Partner
M.No. 237316

Place : Hyderabad
Date : 30th May, 2018.

For and on behalf of the Board
CES Limited

sd/-
Mohana Rao Kancharla
Director

sd/-
Benarji Mallampati
Chief Financial Officer

sd/-
Appa Rao Kancharla
Director

sd/-
Surya Prakash M
Company Secretary

CES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Year Ended 31-03-2018 (Rs.)	Year Ended 31-03-2017 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	71,752,825	153,256,779
Adjustments for:		
Interest	6,386,046	11,211,345
Depreciation	26,960,374	20,675,311
Comprehensive income for the year	(898,833)	6,563,147
Operating Profit before working capital changes	105,998,078	178,580,288
Adjustments for:		
Trade and other receivables	(15,306,640)	(91,019,865)
Short Term Loans and Advances	(45,998,740)	3,363,270
Other Current Liabilities	104,473,678	35,984,751
Short Term provisions	(17,692,117)	12,565,830
Trade payables	9,404,943	14,173,286
Other Current assets	(3,424,063)	86,652
Cash generated from operations	137,455,139	153,734,211
Direct taxes	(23,045,000)	(47,708,781)
Cash flow before extraordinary items	114,410,139	106,025,430
Extraordinary items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	114,410,139	106,025,430
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(89,628,500)	(152,537,874)
Sale of Vehicle/Adjustment in Goodwill	-	17,359,384
Investment in Non-Current Investments		(43,747,978)
Net Cash Used In Investing Activities	(89,628,500)	(178,926,468)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(6,386,046)	(11,211,345)
Long Term Liabilities	4,294,189	60,346,930
Long Term Provisions	(3,504,115)	3,544,416
Long Term Loans and Other Financial Assets	2,326,220	3,123,800
Net Cash Flow From Financing Activities	(3,269,752)	55,803,801
NET INCREASE\ (DECREASE) IN CASH AND CASH EQUIVALENTS	21,511,887	(17,097,237)
Cash and Cash equivalents (Opening Balance)	31,560,620	48,657,856
Cash and Cash equivalents (Closing Balance)	53,072,507	31,560,620

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,
(Formerly known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Regn. No: 0160165

For and on behalf of the Board
CES Limited

sd/-
M.Naveen
Partner
M.No. 237316

sd/-
Mohana Rao Kancharla
Director

sd/-
Appa Rao Kancherla
Director

Place : Hyderabad.
Date : 30th May 2018

sd/-
Benarji Mallampati
Chief Financial Officer

sd/-
Surya Prakash M
Company Secretary

CES LIMITED

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

A. EQUITY SHARECAPITAL:

Balance as at 1st April 2016	Changes in Equity Capital during the year	Balance as at 31st March 2017
13,000,000	-	13,000,000

Balance as at 1st April 2017	Changes in Equity Capital during the year	Balance as at 31st March 2018
13,000,000	-	13,000,000

B. OTHER EQUITY:

Particulars	General Reserve	Surplus in Statement of P & L	Retained Earnings	TOTAL (Rs.)
Balance at the beginning of the reporting period as at 1st April 2016	-	-	419,398,931	419,398,931
Restated balance at the beginning of the reporting period	-	-	419,398,931	419,398,931
Total comprehensive Income for the Year	-	98,741,064	-	98,741,064
Transfer to General Reserve	-	-	-	-
Transfer to Retained Earnings	-	(98,741,064)	98,741,064	-
Balance at the end of the reporting period as at 31st March 2017.	-	-	518,139,995	518,139,995
Balance at the beginning of the reporting period as at 1st April 2017	-	-	518,139,995	518,139,995
Restated balance at the beginning of the reporting period	-	-	518,139,995	518,139,995
Total comprehensive Income for the Year	-	49,120,790	-	49,120,790
Transfer to General Reserve	-	-	-	-
Transfer to Retained Earnings	-	(49,120,790)	49,120,790	-
Balance at the end of the reporting period as at 31st March 2018.	-	-	567,260,785	567,260,785

CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2018

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2018	Net Block as on 31.03.2017
		As on 01.04.2017	Additions during the Year	Deletions during the Year	As on 31.03.2018	Dep. As on 01.04.2017	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	PROPERTY, PLANT AND EQUIPMENT:										
1	BUILDINGS (HYDERABAD)	241,453,367	11,970,879	-	253,424,246	6,094,598	-	3,962,491	10,057,089	243,367,157	235,358,769
2	COMPUTERS & SOFTWARE	79,937,505	12,622,469	-	92,559,974	72,726,560	-	8,291,757	81,018,317	11,541,657	7,210,945
3	OFFICE EQUIPMENT	24,234,241	26,902,481	-	51,136,722	15,796,457	-	6,604,067	22,400,524	28,736,198	8,437,784
4	FURNITURE AND FIXTURES	26,653,542	31,196,287	-	57,849,829	9,710,966	-	4,212,240	13,923,206	43,926,623	16,942,576
5	MOTOR VEHICLES	5,550,912	-	-	5,550,912	2,973,759	-	507,912	3,481,671	2,069,241	2,577,153
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	286,680	-	25,295	311,975	2,192,275	2,217,570
7	BUILDING (SIPCOT)	31,221,607	124,500	-	31,346,107	3,064,017	-	492,920	3,556,937	27,789,170	28,157,590
	INTANGIBLE ASSETS:										
1	GOODWILL	28,636,929	-	-	28,636,929	8,591,079	-	2,863,692	11,454,771	17,182,158	20,045,850
	CAPITAL WORK IN PROGRESS										
1	BUILDING (VSP)	70,863,441	6,811,884	-	77,675,325	-	-	-	-	77,675,325	70,863,441
	TOTAL	511,055,794	89,628,500	-	600,684,294	119,244,116	-	26,960,374	146,204,490	454,479,804	391,811,678
	PREVIOUS YEAR	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

CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & 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	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	PROPERTY, PLANT AND EQUIPMENT:										
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
	INTANGIBLE ASSETS:										
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
	CAPITAL WORK IN PROGRESS										
1	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

Notes to Financial Statements for the Year ended 31st March, 2018

NOTE NO. 2 : INVESTMENTS

S.No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Investments in Equity Instruments:			
	1) Investment in Subsidiaries			
	a) Equity Shares			
	1) CES USA Inc. USA (Unquoted) -100% Holding 780,000 (previous year 780,000) equity shares of USD 1 each, fully paid Wholly owned subsidiary of the company.	34,589,632	34,589,632	34,589,632
	2) CES Information Technologies Pvt. Ltd. 7000 (Previous year 7000) equity shares of Rs. 10/- fully paid up.	70,000	70,000	70,000
	3) CES Global IT Solutions Private Limited. 7,000 equity shares of Rs. 10/- fully paid up.	20,120,166	20,120,166	30,000
	4) CES Technology Services Private Limited. 6,099 equity shares of Rs. 10/- fully paid up.	23,708,812	23,708,812	51,000
	Total Investments	78,488,610	78,488,610	34,740,632

NOTE NO. 3 : LOANS

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Loans to Related Parties			
	Unsecured, Considered Good	10,273,844	11,073,844	15,273,844
II	Other Financial Assets:			
	Security Deposit			
	Secured, Considered Good	8,398,932	9,925,152	8,748,952
	Total Loans	18,672,776	20,998,996	24,022,796

NOTE NO. 4 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Unsecured, Considered Good	188,638,823	173,301,169	82,281,304
		188,638,823	173,301,169	82,281,304
	Less: Allowance for Doubtful Debts	3,631,457	3,600,443	3,600,443
	Total Trade Receivables	185,007,366	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. 5 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Cash and cash equivalents :			
	a) Balances with banks :			
	1) On Current Accounts	39,932,919	18,628,984	40,549,667
	2) Bank deposits with less than 12 months maturity	13,101,639	11,723,096	7,022,500
	b) Cash on hand	37,949	68,541	45,690
	Total Cash and Cash Equivalents	53,072,507	30,420,621	47,617,857

NOTE NO. 6 : LOANS

		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Unsecured, Considered Good			
	Loans and Advances to Employees	4,457,646	6,311,061	4,394,012
	Prepaid Expenses	13,229,209	9,943,576	2,160,180
	Advance for Expenses	1,295,994	2,618,727	3,047,990
	Service Tax Input Credit	29,842,174	24,262,301	21,778,730
	Advance for Immovable Property	-	-	11,333,940
	Advance Tax and TDS Receivable	64,362,580	67,681,819	70,709,111
	Other Advances	48,311,008	4,682,385	5,439,177
	Total Loans and Advances	161,498,610	115,499,870	118,863,140

NOTE NO. 7 : OTHER CURRENT ASSETS

		As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,869,428	1,923,722	2,010,374
	Other Current Assets	2,478,357	-	-
	Total Other Current Assets	5,347,785	1,923,722	2,010,374

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2018

NOTE NO. 8 : EQUITY SHARE CAPITAL

S.No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(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	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	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	13,000,000
	Total Equity Share capital	13,000,000	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	1,300,000
	Issued during the year	-	-	-
	At the end	1,300,000	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	28.24
	Venkateswara Rao.D - 315,650 Shares (C.Y) 315,650 Shares (P.Y)	24.28	24.28	24.28
	Pokuri Swarnalatha - 113,040 Shares (C.Y) 113,040 Shares (P.Y)	8.70	8.70	8.70
	M.Babu Rao - 71,800 Shares (C.Y) 71,800 Shares (P.Y)	5.52	5.52	5.52

NOTE NO. 9 : OTHER EQUITY

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	RESERVES AND SURPLUS			
	a) General Reserves			
	As at the commencement of the year	45,688,367	45,688,367	45,688,367
	Less: Transferred towards depreciation under Companies Act 2013	-	-	-
		45,688,367	45,688,367	45,688,367
	b) Capital Reserve (Sharewarrants forfeited)	87,000,000	87,000,000	87,000,000
	c) Retained Earnings :			
	i) Opening Balance - Profit and Loss Account	385,451,628	286,710,564	197,730,679
	Add: Transfer from Profit & Loss Account	49,120,790	98,741,064	88,979,885
	Add: Profit from previous quarter		-	-
		434,572,418	385,451,628	286,710,564
		-	-	100 -
	Total Other Equity	567,260,785	518,139,995	419,398,931

NOTE NO. 10 : BORROWINGS

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Term Loans:			
	a) Term Loans from Banks :			
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	12,597,141	1,560,929	23,499,037
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	75,496,513	75,514,503	-
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	181,259	421,432	134,756
	b) Other Loans	-	6,483,860	-
	Total Borrowings	88,274,913	83,980,724	23,633,794

NOTE NO. 11 : PROVISIONS

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	16,959,520	20,463,635	16,919,219
	Total Provisions	16,959,520	20,463,635	16,919,219

NOTE NO. 12: DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Opening Deferred tax Liability	10,058,293	8,674,521	6,517,927
	Add:			
	Deferred Tax Liability for the year	1,625,868	1,383,772	2,156,594
	Gross Deferred tax Liability	11,684,161	10,058,293	8,674,521
	Opening Deferred tax Asset	8,676,433	7,536,447	6,888,635
	Provision for Gratuity and Compensated Absences	-	(1,139,986)	(647,813)
	Gross Deferred tax Asset	8,676,433	8,676,433	7,536,447
	Deferred Tax Liability/ (Asset) - Net	3,007,728	1,381,861	1,138,074

NOTE NO. 13 : TRADE PAYABLES

S. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Trade Payables	30,697,279	21,292,336	7,119,050
	Total Trade Payables	30,697,279	21,292,336	7,119,050

NOTE NO. 14 : OTHER CURRENT LIABILITIES

S.No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	29,466,395	37,239,154	31,851,455
II	Statutory Liabilities			
	TDS Payable	1,522,762	3,407,396	1,915,708
	Swacha Bharat Cess Payable	(10,993)	5,704	4,550
	GST Payable	130,111	594,310	921,571
	Professional Tax Payable	105,249	93,267	82,971
III	Other Liabilities	53,267,205	29,421,175	-
IV	Loan from related parties	90,753,954	-	-
	Total Other Current Liabilities	175,234,684	70,761,006	34,776,255

NOTE NO. 15 : PROVISIONS

S.No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 01-04-2016
		(Rs.)	(Rs.)	(Rs.)
I	a) Provisions for employee benefits			
	Salaries Payable	23,970,161	26,638,439	21,615,211
	ESI Payable	134,461	166,831	69,287
	PF Payable	1,407,377	1,263,326	1,088,382
		25,511,999	28,068,596	22,772,880
	b) Others			
	Provision for Income Tax	21,904,000	36,043,000	29,923,640
	Consultancy Charges Payable	11,850,300	9,765,002	13,862,316
	Audit Fee Payable	623,250	345,000	200,000
	Other Provisions	2,243,000	5,603,068	500,000
		36,620,550	51,756,070	44,485,956
	Total Provisions	62,132,549	79,824,666	67,258,836

CES LIMITED

Notes to Financial Statements for the year ended 31st March, 2018

NOTE NO. 16 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	-	177,421
	Export Sales	744,230,801	670,888,511
	Total Revenue from Operations	744,230,801	671,065,932

NOTE NO. 17 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rs.)	(Rs.)
I	(a) Interest income	1,237,767	4,169,286
	Total Other Income	1,237,767	4,169,286

NOTE NO. 18 : EMPLOYEE BENEFITS EXPENSE

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	488,368,203	368,663,431
	(b) Contribution to Provident & Other Funds	9,993,093	5,623,062
	(c) Staff Welfare Expenses	9,975,430	11,504,230
	Total Employee Benefit Expenses	508,336,726	385,790,723

NOTE NO. 19 : FINANCE COSTS

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	46,606	59,546
	- Interest on Term Loan	6,339,440	10,513,398
	Total Finance Cost	6,386,046	10,572,945

NOTE NO. 20 : OTHER EXPENSES

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31- 03-2017
		(Rs.)	(Rs.)
I	(a) Electricity Charges	10,671,298	8,548,828
	(b) Rent	10,225,040	11,760,122
	(c) Repairs to Computers and Equipments	1,655,051	1,823,634
	(d) Insurance	9,045,858	3,724,166
	(a) Telephone, Postage and Others	8,680,318	8,630,502
	(b) Advertisement Expenses	31,615	225,361
	(c) Conveyance & Travelling Expenses	36,772,322	30,724,684
	(d) CSR Expenditure	2,243,000	1,859,800
	(e) Office Maintenance	14,046,385	11,364,847
	(f) Printing & Stationery Expenses/Subscriptions	1,877,023	865,331
	(g) Security Charges	2,573,210	1,993,118
	(h) Rates & Taxes (excluding Income Tax)	1,427,217	4,014,692
	(i) Computer Hire Charges	8,752,929	6,476,368
	(j) Professional and Consultancy fee	13,231,095	8,102,643
	(k) Bank Charges	1,039,172	638,400
	(l) Exptected Credit Losses	31,014	-
	(m) Exchange gain/Loss	7,630,459	3,886,965
	(n) Taxes of earlier Years	1,399,591	-
	(o) Donation	400,000	-
	(p) Payment to Auditors:		
	(i) As Auditor	300,000	300,000
	Total Other Expenses	132,032,597	104,939,461

SIGNIFICANT ACCOUNTING POLICIES

21. Company overview

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

22. Significant accounting policies

22.1 Basis of preparation of financial statements

In accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of shareholders’ equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017.

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

22.2 Use of estimates

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

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

22.3 Revenue recognition

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

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

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

22.4 Fixed Assets

Tangible assets

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

Intangible assets

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

Depreciation

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

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

22.5 Foreign Currency transactions and translation

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

22.6 Taxes on Income

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

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

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

22.7 Earnings per share

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

22.8 Retirement benefits to employees

Gratuity

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

incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

Provident Fund/ESI

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

22.9 Impairment of assets

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

22.10 Segment Accounting Policies

(a) Segment Assets and Liabilities:

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

(b) Segment Revenue and Expense:

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

22.11 Provision and Contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably

will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are 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.

22.12 First Time Adoption of Ind AS

The company has prepared its financial statements in accordance with Indian Accounting Standards (Ind AS) as prescribed in the companies Act 2013. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance is set out in the notes to accounts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018:

23. Expenditure in foreign currency:

	Year Ended <u>31.03.2018</u> (Rs. In Lacs)	Year Ended <u>31.03.2017</u> (Rs. In Lacs)
Foreign travelling	123.25/-	108.71/-
Professional & Consultancy Fees	-	26.87/-
Purchase of Capital Goods	-	20.19/-

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

	Year Ended <u>31.03.2018</u> (Rs. In Lacs)	Year Ended <u>31.03.2017</u> (Rs. In Lacs)
Foreign exchange inflow	7,442.31/-	6,708.89/-

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

25. Explanation of transition to Ind AS:

The transition as at April 1st, 2016 to Ind As was carried out from previous GAAP. The exemptions and exceptions applied by the company in accordance with Ind AS 101 – First - time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

(i) Equity Reconciliation:**(Rs. In Lacs)**

Particulars	Standalone As at 31st March, 2017	Standalone As at 31st March, 2016
Equity under Previous GAAPL attributable to:	5,181.40	4,193.99
(a) Employee Benefits-Actuarial gain/loss	40.01	-
(b) Expected credit loss on trade receivables and financial guarantees.	-	-
(c) Net gain/loss on foreign currency translation and transaction.	25.62	-
(d) Differed tax adjustments	-	-
(e) Proposed dividend and related distribution tax	-	-
(f) Other comprehensive income (net of tax)	(65.63)	-
Equity under Ind AS	5,181.40	4,193.99

(ii) Total Comprehensive Income Reconciliation:**(Rs. In Lacs)**

Particulars	Standalone 12 Months ended 31st March, 2017
Net income under Previous GAAP attributable to:	987.41
Effect of transition to Ind AS on statement of profit and loss:	
(a) Provision for expected credit loss	-
(b) Actuarial gains/losses recognized in other comprehensive income	40.01
(c) Net gain/loss on foreign currency translation and transaction.	25.62
(d) Deferred taxes on the above Ind AS adjustments.	-
Total Adjustments	65.63
Net profit for the period under Ind AS	1,053.04
Total other comprehensive income (net of tax)	(65.63)
Total Comprehensive income under Ind AS	987.41

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.

(Rs. In Lacs)

S.No	Name of the Related Party	Nature of Relation	Nature of Transaction	2017-18	2016-17
1	CES USA Inc.	Common directors	Services rendered	102.50/-	139.90/-
2	Computech Corporation	Common directors	Services rendered	-	737.59/-
3	CES Global IT Solutions Pvt. Limited.	Common directors	Services rendered	29.82/-	-
4	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	23.91/-	1.77/-
5	Mr.Mohana Rao Kancharla	Director	Remuneration	7.31/-	7.30/-
6	Mr.Benarji Mallampati	CFO	Remuneration	16.27/-	15.50/-
7	Mr.Surya Prakash M	Company Secretary	Remuneration	8.11/-	6.75/-

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 2018	IT Services	IT Enabled Services	Total
Revenues	1,149.35	6,292.96	7,442.31
Direct Expenses	897.72	4,185.64	5,083.36
Gross Income			2,358.95
Less: Un-allocated Expenses			1,589.93
Less: Interest and Other Expenses (NET)			63.86
Add: Interest Income			12.38
Net Profit Before Taxes			717.54
Income Taxes			235.31
Net Profit After Taxes			482.23

GEOGRAPHICAL SEGMENTS:

Profit and Loss Statements for the year ended 31st March 2018.	USA	DOMESTIC	Total
Revenues	7,442.31	0.00	7,442.31
Direct Expenses	5,083.36	0.00	5,083.36
Gross Income			2,358.95
Less: Un-allocated Expenses			1,589.93
Less: Interest and Other Expenses (NET)			63.86
Add: Interest Income			12.38
Net Profit Before Taxes			717.54
Income Taxes			235.31
Net Profit After Taxes			482.23

28. Calculation of EPS as per Ind AS -33 for the year ending 31st March 2018.

	<u>Rs.</u>
Profit available to the equity shareholders	4,82,21,957/-
Weighted average number of shares outstanding	13,00,000
Basic Earnings per Share	37.09
Diluted Earnings per Share	37.09

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 C N & Associates,
(Formerly Known as Chandrababu Naidu & Co.)
Chartered Accountants
Firm Registration No. 016016S**

For and on behalf of the Board of Directors of

CES LIMITED

Sd/-

M.Naveen

Partner

Membership No. 237316

Sd/-

Mohana Rao Kancharla

Director

Sd/-

Appa Rao Kancharla

Director

Sd/-

Benarji Mallampati

Chief Financial Officer

Sd/-

Surya Praksh Mungelkar

Company Secretary

Place: Hyderabad

Date: 30th May 2018.

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

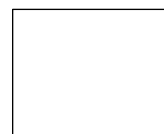
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual general meeting of the company, to be held on the Friday, 28th Day of September 2018, at 4.00 P.m. at Registered Office Seventh Floor, Tower - A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032. any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolution
Ordinary Business	
1.	To receive, consider and adopt standalone and Consolidated Audited Balance Sheet as at 31 st March, 2018 and Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon..
2.	To reappoint Smt. Aruna Krishna Sabbineni (06997005) who retires by rotation and being eligible, offers herself for re-appointment
Special Business	
3.	To Increase in Authorised Share Capital.
4.	Alteration In the Capital Clause of Memorandum Of Association
5.	Alteration in the clause no. 3 of the Articles of Association
6.	To Consider Issue of Bonus Equity Shares
7	To review, alter, modify the remuneration including salary, allowances, perquisites, etc., of Shri Mohana Rao Kancharla (00004288), Whole Time Director of the company.
8	To Appoint Shri Appa Rao Kancharla (02532842) as Alternate Director for Shri Sai Krishna Kancharla(07775575)

Signed this _____ day of _____ 2018

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.**

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CES Limited

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