



**34<sup>th</sup> ANNUAL REPORT**  
**2018 - 2019**



## 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

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

## SHARE TRANSFER AGENTS

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

[info@cesltd.com](mailto:info@cesltd.com)  
[www.cesltd.com](http://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 34<sup>th</sup> Annual General Meeting of. CES LIMITED will be held on Monday, 30<sup>th</sup> day of September 2019, at 4:00P.M.at the Registered Office of the Company at, **7<sup>th</sup>Floor, Tower-A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad - 500 032**, to transact the following Business:

### ORDINARY BUSINESS

1. To consider and adopt standalone financial statements for the period ended as on 31<sup>st</sup> March 2019.
2. To consider and adopt consolidated financial statements for the period ended as on 31<sup>st</sup> March 2019.
3. To re-appoint Mr. Sai Krishna Kancharla (07775575) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. TO APPOINT 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:

The Board appreciated valuable services rendered by Shri Mohan Rao Kancharla (00004288) as Whole-Time Director and informed the shareholders, he was appointed as Whole-Time Director for period of Five years in 29<sup>th</sup> Annual General Meeting of CES Limited which shall expire on 29<sup>th</sup> December, 2019. The Board recommends his reappointment as Whole-Time Director for period of Five years from 30<sup>th</sup> December 2019 to 29<sup>th</sup> December, 2024.

**“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 re-appoint Shri Mohana Rao Kancharla(00004288) as Whole -Time Director of the Company for a period of Five years i.e from 30<sup>th</sup> December,2019 to 29<sup>th</sup> December,2024.

**FURTHER 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 thereunder (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, approval of the Company be and is hereby accorded to pay remuneration to Shri. Mohana Rao Kancharla, Whole- Time Director of the Company.

**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 or without the approval of the Central Government as may be required .

**FURTHER RESOLVED THAT** the Board of Directors of the Company thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle

any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.

**FURTHER RESOLVED THAT** the Board of Directors of the Company thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Shri. Mohana Rao Kancharla, (00004288) Whole Time Director, including the components of the remuneration payable to him and he shall not retire by rotation. Related parties shall not participate in the above resolutions

#### **5. TO RE-APPOINT MR.DURUVASAN R (00223052) AS INDEPENDENT DIRECTOR.**

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

The Board appreciated services rendered by Shri. Duruvasan R (DIN:00223052) as a non-executive Independent Director and informed the shareholders he was appointed as non-executive Independent Director for period of Five years in 29<sup>th</sup> Annual General Meeting of CES Limited which shall expire on 29<sup>th</sup> December, 2019. The Board recommends his reappointment as Independent Director for period of Five years from 30<sup>th</sup> December 2019 to 29<sup>th</sup> December, 2024.

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time that Mr. Duruvasan R (DIN:00223052) a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re appointment, be and is hereby reappointed as an Independent Director of the Company, with effect from 30<sup>th</sup> December 2019 to 29<sup>th</sup> December, 2024 and he shall not retire by rotation.

#### **BY ORDER OF THE BOARD**

**PLACE:** HYDERABAD

**DATE:** 05/09/2019

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 shall remain closed from 23 September (Monday) 2019 to 30 September (Monday) 2019. (Both days inclusive) and Cutoff date for sending AGM notice shall be 30<sup>th</sup> August, 2019
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 32<sup>nd</sup> 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.

**Mandatory update of PAN and Bank details –**

Pursuant to SEBI Circular SEBI/HO/MIRSD/DOP1/ CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank account details to the Company / Registrar & Transfer Agent (RTA) for registration under their folio. Hence, the shareholders are requested to update their PAN and bank details.

**Compulsory Dematerialization of shares of listed company:**

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (Demat) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization. A note on procedure to be followed for dematerialization of physical shareholding.

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 31.03.2019 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 34<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 34<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Members may also note that the Notice of the 34<sup>th</sup> Annual General Meeting and the Annual Report for the financial period ended on 31.03.2019 will also be available on the Company's website [www.cesltd.com](http://www.cesltd.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [info@cesltd.com](mailto:info@cesltd.com).
11. Voting through electronic means in compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 34<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL), Kindly Visit [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and select help option, you can find user manual for shareholders to caste Vote at **Annexure-V**

BY ORDER OF THE BOARD  
For CES LIMITED

## Explanatory statements under section 102 of Companies Act 2013

### Item No. 4

Shri Mohana Rao Kancharla (00004288) has rendered his valuable services to organization since 2005 and appointed as Whole- Time Director of the Company in the AGM held on 30<sup>th</sup> December 2014. Board of Directors is of opinion re-appointing him as Whole-time Director will boosts the productivity of organization overall and Board unanimously taken decision to appoint Shri Mohana Rao Kancharla as Whole time Director for Period of Five Years from 30<sup>th</sup> December,2019 to 29<sup>th</sup> December,2024.

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 05<sup>th</sup> September, 2019 has, subject to approval of members, for a further period of expiry of his present term, that is up to 30<sup>th</sup> 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	61 Years
2.	Qualifications	Bachelor of Commerce
3.	Area of Experience	Information Technology & Infrastructure
4.	Last drawn remuneration	Rs.18.00 Lakhs
5.	Date of first appointment on the Board	29.07.2005
6.	No. of share held	700000 Shares
7.	Relationship with Directors, Managers & KMP	Shri Appa Rao Kancharla is the father and Sai Krishna Kancharla is a nephew of Shri Mohan Rao Kancharla.
8.	Number of Board Meeting attended during FY 2018-19.	6
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: -

<b>General information:</b>	
(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 %
<b>II. Information about the appointee:</b>	
(1) Background details	
(2) Past remuneration	Rs.18,00,000/-
(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.	-
<b>III. Other information:</b>	
(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. 5

Shri Duruvasan Ramchandra a Commerce Graduate, has been serving the Shriram Group for more than 3 decades. He has started his career with Shriram Chits at Chennai in the collection department and has worked his way up to being CEO and Executive Director of Shriram Chits P Ltd, Hyderabad. He was instrumental in the growth of the Company during his stint at Hyderabad and has expanded the Company from 16 branches to 202 branches.

During his tenure the Company flourished as the largest Chit Fund Company in the country in terms of Auction Turnover, No of Branches, Manpower and Customer base. His contribution has paved way for the Shriram Group to

expand its Deposit and NCD portfolio. Shri Duruvasan was the Managing Director and Principal Officer of Shriram Life Insurance Co. Ltd. He holds directorship in Shriram Life Insurance Company Limited and Shriram City union Finance Limited.

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

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

1.	Age	57
2.	Qualifications	B. Com
3.	Area of Experience	Financial Service business
4.	Last drawn remuneration	NA
5.	Date of first appointment on the Board	06.12.2005
6.	No. of share held	Nil
7.	Relationship with Directors, Managers & KMP	NA
8.	Number of Board Meeting attended during FY 2018-19.	6
9.	Other Directorship	2
10.	Chairman/ Member of the Committees of Boards of other companies	-
11.	Justification's for appointment	

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

The Board recommends this Resolution for your approval.

## DIRECTORS' REPORT

To  
The Members of  
M/s. CES LIMITED

The Directors have pleasure in presenting the 34<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended on 31<sup>st</sup> March 2019 (01.04.2018 to 31.03.2019).

## FINANCIAL RESULTS

(Rs. In Lacs)

	Consolidated		Standalone	
	2018-2019	2017-2018	2018-2019	2017-2018
Total Revenue	24,965.92	20,431.78	10,223.83	7,454.69
Profit Before Depreciation	2,604.39	1,793.27	1,146.13	987.13
Depreciation	727.26	607.50	316.77	269.60
Profit Before Taxation	1,877.13	1,185.77	829.36	717.53
Provision for Taxation	615.14	360.47	352.15	235.31
Profit after Taxation	1,261.99	825.30	477.21	482.22
Total Comprehensive Income	1,165.49	833.93	380.71	491.21
Brought Forward Profit/(Loss)	5,866.77	5,031.85	4,345.73	3,854.52
Balance carried to Balance Sheet	3,522.26	5,866.77	1,216.44	4,345.73

## BUSINESS PERFORMANCE OF THE COMPANY

**Standalone:** Our revenue for financial year 2018-19 is Rs. 10,223.83 Lacs and our profit after tax (PAT) Rs.477.21 Lacs.

**Consolidated:** Our consolidated financial results for financial year 2018-19 is Rs. 24,965.92 Lacs and our consolidated profit after tax (PAT) is Rs. 1,261.99 Lacs.

## **COMMITTEES OF THE BOARD**

### **AUDIT COMMITTEE**

<b>Name</b>	<b>Designation / Category</b>
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**

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

### **STAKEHOLDER RELATIONSHIP COMMITTEE**

<b>Name</b>	<b>Designation / Category</b>
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**

<b>Name</b>	<b>Designation / Category</b>
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 2018-2019, SEVEN BOARD MEETINGS WERE HELD AS FOLLOWS:**

30.05.2018, 13.08.2018, 04.09.2018, 23.10.2018, 14.11.2018, 02.01.2019 & 14.02.2019

**FINANCIALS OF SUBSIDIARY COMPANY**

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

**EXTRACT OF ANNUAL RETURN**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) That in the preparation of the annual accounts/financial statements for the financial year ended 31<sup>st</sup> March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) That the accounting policies as mentioned in the financial statements were selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period
- (c) That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual accounts were prepared on a going concern basis;
- (e) That proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- (f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively

**STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS -149(6)**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT (SECTION 186)**

During the financial year Company has acquired 37.50% stake in CES technology Services Private Limited (CTSPL).

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

The Company had entered into contract with its wholly own Subsidiary i.e. CES USA Inc. The Board of Directors and Shareholders of the Company had approved the contract up to 30<sup>th</sup> December, 2019. During the Financial year the remuneration of Shri Mohan Rao Kancharla (00004288), Whole- Time Director was revised after members approval in the 33<sup>rd</sup> Annual General Meeting held on 28.09.2018.

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

S.No	Name of the Related Party	Nature of Relation	Nature of Transaction	2018-19	2017-18
1	CES USA Inc.	Common directors	Services rendered	-	Rs.1,02,50,254/-
2	CES Information Technologies Pvt. Ltd.	Common directors	Services rendered	Rs. 22,50,000/-	-
3	CES Global IT Solutions Pvt. Limited.	Common directors	Services rendered	Rs. 96,00,000/-	Rs.29,81,760/-
4	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	Rs. 24,00,000/-	Rs.23,91,149/-

**NEW DELIVERY CENTER AT VISAKHAPATNAM, ANDHRA PRADESH**





#### 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 2018-19:

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	31.03.2019	31.03.2018
Foreign Exchange Earnings	9,997.29/-	7,442.31/-
Foreign Exchange Outgo :		
Foreign Travelling	85.91/-	123.25/-

## AUDITORS

### Statutory / Financial Audit

The 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 29<sup>th</sup> September ,2017 in the 32<sup>nd</sup> Annual General Meeting.

### Secretarial Audit and Annual Secretarial Compliance Report

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

### Internal Auditors

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

## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (a) INDIAN IT & ITES (BPM) INDUSTRY

#### Introduction

In FY 2019, Indian IT and BPO industry clocked a growth of 7.9% and exports grew at a moderate rate of 9.2%. On the back of global uncertainties, NASSCOM (National Association of Software and Services Companies) has taken a 'cautiously optimistic' view of the domestic IT industry for FY 2020 and ICRA expects a flat growth rate in the range of 7-9% for FY 2020.

India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country.

**Market Size**

India's IT & ITeS industry grew to US\$ 181 billion in 2018-19. Exports from the industry increased to US\$ 137 billion in FY19 while domestic revenues (including hardware) advanced to US\$ 44 billion. Spending on Information Technology in India is expected to grow over 9 per cent to reach US\$ 87.1 billion. Revenue from digital segment is expected to comprise 38 per cent of the forecasted US\$ 350 billion industry revenue by 2025.

**Investments/ Development**

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 37.23 billion between April 2000 and March 2019 and ranks second in inflow of FDI, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra, are diversifying their offerings and showcasing leading ideas in blockchain, artificial intelligence to clients using innovation hubs, research and development centres, in order to create differentiated offerings.

**Government Initiatives**

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

- The government has identified Information Technology as one of 12 champion service sectors for which an action plan is being developed. Also, the government has set up a Rs 5,000 crore (US\$ 745.82 million) fund for realising the potential of these champion service sectors.
- As a part of Union Budget 2018-19, NITI Aayog is going to set up a national level programme that will enable efforts in AI^ and will help in leveraging AI^ technology for development works in the country.
- In the Interim Budget 2019-20, the Government of India announced plans to launch a national programme on AI and setting up of a National AI portal.
- National Policy on Software Products-2019 was passed by the Union Cabinet to develop India as a software product nation.

**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

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Export revenue of the industry is expected to grow 7-9 per cent year-on-year to US\$ 135-137 billion in FY19. The industry is expected to grow to US\$ 350 billion by 2025 and BPM is expected to account for US\$ 50-55 billion out of the total revenue.

## OPPORTUNITIES

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

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

## THREATS

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

(b) Segment-wise.

## SEGMENT WISE RESULTS (STANDALONE):

### BUSINESS SEGMENT:

PARTICULARS	2018-19		2017-18	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	1,447.45	8,550.55	1,149.35	6,292.96
Profit Before Taxes	120.07	709.29	18.14	699.40
Provision for Taxes	50.98	301.17	5.95	229.36
Profit After Taxes	69.09	408.12	12.19	470.04

(Rs. In Lacs)

**GEOGRAPHICAL SEGMENT:**

PARTICULARS	2018-19		2017-18	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	9,997.29	0.71	7,442.31	0.00
Profit Before Taxes	829.30	0.06	717.54	0.00
Provision for Taxes	352.13	0.02	235.31	0.00
Profit After Taxes	477.17	0.04	482.23	0.00

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

(Rs. In Lacs)

PARTICULARS	2018-19		2017-18	
	IT SERVICES	IT ENABLED SERVICES	IT SERVICES	IT ENABLED SERVICES
Net Revenue	5,157.64	19,489.98	3,907.67	16,480.85
Profit Before Taxes	392.80	1,484.33	493.94	700.46
Provision for Taxes	128.72	486.42	149.07	211.40
Profit After Taxes	264.08	997.91	344.87	489.06

**GEOGRAPHICAL SEGMENT:**

PARTICULARS	2018-19		2017-18	
	USA	DOMESTIC	USA	DOMESTIC
Net Revenue	24,584.40	63.22	20,324.37	64.15
Profit Before Taxes	1,872.32	4.81	1,184.84	9.56
Provision for Taxes	613.56	1.58	357.59	2.28
Profit After Taxes	1,258.76	3.23	827.26	6.67

**(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.

Ministry of Corporate Affairs and Security Exchange Board of India has issue various circulars, Notification and amendments during the financial year 2018-19. Our Company has taken necessary steps to ensure Compliance of all the above.

#### **EXCHANGE FLUCTUATION**

Movements in exchange rates continue to be a threat. There has been volatility in the exchange rate between INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. While the rupee was range bound between INR 68-INR 71-72 against the USD for most part of the year, there was a sudden movement of the rupee towards the last fortnight of the financial year where in the rupee appreciated above 74 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 all its locations. The internal control systems are robustly designed keeping future requirements and needs also in focus. The management systems being followed at CES comply with international standards.

**Compliance and Certification Achievements in Year 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 using CMMI framework. The Service Delivery Centre-Hyderabad is appraised at CMMI Maturity Level 5 in May 2018. In addition to it ,CES is also been Assessed for CMMI Dev 1.3 Maturity Level 3 for Software Development activities performed at its Offshore Delivery Centers - Hyderabad and Chennai locations.**

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

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

CES has also accomplished Certification on **ISO 27001: 2013 – International Standard for Information Security Management System (ISMS), Payment Card Industry, and Data Security Standard (PCIDSS): V3.2** - Compliance for Order and Payment Processing. Customer support services compliance are audit by our trained Internal Auditors as well Independent Certified Auditors approved by PCIDSS Council 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 across all locations.

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

Currently we are focusing on SOC 2 Type 1 audits which provides an insight to the External World on the Security Practices & Controls implemented at CES and being evaluated by an Independent Audit Team. The audit is expected to be completed by end of Q3 - 2019.

### (e) Material developments in Human Resources

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

#### Employment Practices

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

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

S. No.	Ratios	Significant Changes
1	Debtors Turnover	Increased by 24.28%
2	Inventory Turnover	We are into software industry, therefore we don't have any inventory in our books of account. Hence this ratios can't be calculated.
3	Interest Coverage Ratio	Increased by 71.05% (Explanation: During current financial year the company has repaid major portion of its Term Loan)
4	Current Ratio	Decrease by 16.86%.
5	Debt Equity Ratio	Decreased by 95.52 % ( Explanation: During current financial year the company has repaid major portion of its Term Loan)
6	Operating Profit Margin (%)	Reduced by 32.94 % ( Explanation: Because of increase in Pay roll cost)
7	Net Profit Margin (%)	Reduced by 26.34% (Explanation: Because of increase in pay roll cost)

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

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

## ACTIVITIES AT CES LIMITED

CES Celebrating 15<sup>th</sup> year Anniversary of Nungambakkam Office at JAYA PUSHAM, Chennai



CES celebrating 10 years of association with Oaktree Capital Management at Trident, Hyderabad



## CES" Celebrating International Day of Yoga



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

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

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

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

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

**CES Limited has adopted the following main principles and philosophies:**

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

**2 BOARD OF DIRECTORS:**

**(a) Composition and category of Directors**

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

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

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

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

Name of the Director	Number of meetings held	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships of other Boards as on 31 <sup>st</sup> March, 2019	Number of Memberships of other Board Committees*	Number of Chairmanships in other Board Committees*
Mr.Appa Rao Kancherla	7	2	Y	1	-	-
Mr.Mohan Kancharla	7	6	Y	7	-	-
Mr.Duruvasan Ramachandra	7	7	Y	1	-	-
Mrs. Aruna Krishna Sabbineni	7	1	NA	3	-	-
Mr. Murali Krishna Tummala	7	7	Y	5	-	-
Rama Krishna Sabbineni	7	1	NA	3		

Date of the Board Meeting	Board s Strength	No. of Directors present/ required to Present
30.05.2018	6	4
13.08.2018	6	4
04.09.2018	6	4
23.10.2018	6	3
14.11.2018	6	4
02.01.2019	6	3
14.02.2019	6	2

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

### 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, 2019:**

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

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

**Meetings and Attendance:**

Six Audit Committee Meetings were held during the year ended 31<sup>st</sup> March, 2019. The maximum time gap between any of the two meetings was not more than four months.

**Audit Committee Meetings held during the year 2018-19 and attendance details:**

Date of the Meeting	Committee Strength	No. of Directors present
30.05.2018	3	3
04.09.2018	3	3
23.10.2018	3	3
14.11.2018	3	3
02.01.2019	3	3
14.02.2019	3	3

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

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

**4 NOMINATION & REMUNERATION COMMITTEE**

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

**The key role of this Committee is as follows:**

- Provide oversight on Strategic Human Capital issues.

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

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

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

#### Composition of the Nomination and Remuneration Committee as on March 31, 2019:

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

#### Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors present
04.09.2018	3	3
23.10.2018	3	3

### 5. REMUNERATION OF DIRECTORS:

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

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

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

- A Non-Executive Independent Director receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits

prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

- A Non-Executive Director may also receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company in any case.

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

#### FOR WHOLE TIME DIRECTOR

The total remuneration pursuant to shareholders approval consists of:

A fixed component – consisting of salary and perquisites

(Rs. in Lakhs)

Particulars	Whole time Director
Salaries	12.94
Commission	
Contribution to Provident Fund and Superannuation Fund	
Benefits	
<b>Total</b>	<b>12.94</b>

#### 6. STAKEHOLDERS' GRIEVANCE COMMITTEE:

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

## 7. GENERAL BODY MEETINGS:

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

Financial Year	Location of AGM	Date & Time of AGM
2017-18	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	28 <sup>th</sup> September, 2018 at 4 :00 PM
2016-17	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	29 <sup>th</sup> September, 2017 at 4 :00 PM
2015-16	Seventh Floor Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad-500032	29 <sup>th</sup> September, 2016 at 4:00 PM.

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

Financial Year	Special resolutions Passed at Previous AGM
2017-18 28.09.2018	1. Alteration in the clause no. 3 of the Articles of Association. 2. To review, alter, modify the remuneration including salary, allowances, perquisites, etc., of Shri Mohana Rao Kancharla (00004288), Whole Time Director of the company.
2016-17 29.09.2017	No Special Resolution.
2015-16 29.09.2016	No Special Resolution.

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

No Such Resolution passed through postal Ballot.

### (d) Person who conducted the postal ballot exercise;

Not Applicable

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

Not Applicable

### (f) Procedure for postal ballot.

Not Applicable

**8. MEANS OF COMMUNICATION:****(g) Financial Results tentative dates for year 2019-2020**

13.08.2019, 14.11.2019, 14.02.2019 and 29.05.2020

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

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

**Website, where displayed;**

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

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

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

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

The Company has not made any Investor related presentation in the 2018-19, but it has plans to make it in the 2019-2020.

**9. GENERAL SHAREHOLDER INFORMATION:****(k) Annual general meeting - Date, Time and Venue;**

Annual general meeting to be held on 30.09.2019 at 4: 00 pm at Registered office of the Company at 7<sup>th</sup> Floor, Tower-A., Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad – 500032.

**(l) Financial year;**

2018-2019

**(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 2018-19	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 31<sup>st</sup> March, 2019:

SL NO	CATEGORY	HOLDERS	HOLDERS PERCENTAGE	SHARES	AMOUNT	AMOUNT PERCENTAGE
1	1 - 5000	2	7.14	280	2800	0
2	20001 - 30000	1	3.57	2800	28000	0.01
3	50001 - 100000	1	3.57	5600	56000	0.02
4	100001 & Above	24	85.71	36391320	363913200	99.98
	<b>Total:</b>	<b>28</b>	<b>100</b>	<b>36400000</b>	<b>364000000</b>	<b>100</b>

(s) Demat and Physical Shares;

SL.NO.	PARTICULARS	NO OF SHARES	% OF TOTAL ISSUED CAPITAL
1	Issued Capital	36400000	100
2	Listed Capital	36400000	100
3	Held in Dematerialized form in CDSL	7451920	20.48
4	Held in Dematerialized form in NDSL	23060492	63.35
5	Physical	5887588	16.17
6	<b>Total no. of Shares</b>	<b>36400000</b>	<b>100</b>

(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**

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

**Branch Office**

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

**CHENNAI**

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

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

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

**USA**

**DETROIT**

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

**CHICAGO**

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

**DALLAS**

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

**CANADA**

**WINDSOR**

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

**UAE**

**DUBAI**

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

**VISHAKHAPATNAM (NEW CENTER)**

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

## Geographical Locations



## 10. OTHER DISCLOSURES:

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

No Such instance

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

No Such Penalty was imposed on Company

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

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

- (d) web link for material subsidiary

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

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

Type of Service	CES Limited	
	2018-2019	2017-2018
Audit Fee	2,00,000/-	2,00,000/-
Tax Audit Fee	1,00,000/-	1,00,000/-
Others	-	-
Total	3,00,000/-	3,00,000/-

**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, 2019 and that to the best of our knowledge and belief:**
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.**
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:**
  - a) Evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
  - b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and
  - c) The steps we have taken or propose to take to rectify these deficiencies
- 4) We have indicated to the Company's Auditors and the Audit Committee of the Board of Directors:**
  - a) Significant changes that have occurred in the internal control over financial reporting during the year;
  - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an Employee having a significant role in the Company's internal control system over financial reporting;
  - d) All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's Auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.



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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF CES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **CES Limited** ("the Company"), for the year ended March 31, 2019, as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019.

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)

### 1. 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 welfare of society for public Safety, natural calamities and healthcare. CES Limited presenting Kerala relief fund Rs 2,00,000/- cheque to Mr.Ramojirao.



In the interest Public Safety through CCTV monitoring, CES Donated Rs 2,00,000/- for procuring CCTV Cameras to Mr Gangadhar, Circle Inspector of Police - Gachibowli, falling under the NFD Jurisdiction. CES requested the Police authorities to install CCTV's in and around Financial District for providing higher security to female employees.



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



## Healthcare

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



## 2. Composition of CSR Committee

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

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

Financial Years	Year
2015-16	Rs. 121,082,191
2016-17	Rs. 146,693,632
2017-18	Rs. 71,752,825
<b>Average of previous three years</b>	Rs. 113,176,216

**4. CSR Expenditure:** Rs.22,63,000/-

**5. Details of CSR Spend during the financial year 2018-2019**

During the financial year 2018-2019 CES Limited transferred 100 % i.e Rs.22,63,000/- to CES Foundation.

**6 Amount if any not spent:** Nil

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

**(2) The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the financial year 2018-2019.**

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

**(3) The percentage increase in the median remuneration of employees in the financial year 2018-19**

15 %

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

The Permanent employees on rolls of the Company were 650 as on 31<sup>st</sup> March 2019

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

During the current financial year Shri Mohan Rao Kancharla's managerial remuneration was revised after approval of members of the Company in 33<sup>rd</sup> AGM held on 28.09.2019.

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

There are 40 employees as on 31<sup>st</sup> March, 2019 who are receiving higher salary than Director.

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

**PATTERN OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2019:**

Category	Number of Shareholders	No. of Shares	% of Share-holding
Promoters	12	27242012	74.84
Public :			
Institutional Investors:			
Mutual Funds & UTI, Banks, Financial Institutions & Others	-	-	-
	-	-	-
Bodies Corporate	-	-	-
Indian Public	16	9157988	25.16
Foreign Nationals/NRIs/ OCBs	-	-	-
Clearing Members	-	-	-
FIIIs	-	-	-
<b>GRAND TOTAL</b>	<b>28</b>	<b>36400000</b>	<b>100.00</b>

**DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31<sup>st</sup> March, 2019 as envisaged in SEBI LODR (Regulations) 2015 with stock exchanges.

**Place:** Hyderabad  
**Date:** 05.09.2019.

**Whole Time Director**  
September 05<sup>th</sup> 2019

**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=69.1713)	INR	INR	INR
3	Share capital	345.90	1.00	1.00	1.00
4	Reserves & surplus	909.96	1,029.57	192.62	453.30
5	Total assets	4,955.93	1,280.02	260.32	568.88
6	Total Liabilities	4,955.93	1,280.02	260.32	568.88
7	Investments	-	-	-	-
8	Turnover	12,367.74	2,337.91	298.44	1,073.85
9	Profit before taxation	129.61	773.87	1.83	142.47
10	Provision for taxation	6.86	216.43	0.48	39.22
11	Profit after taxation	122.74	557.44	1.36	103.25
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	70%	98.49%	70%

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

As on the financial year ended on 31st March, 2019 [Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS</b>	
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.

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
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%

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
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	98.49%	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	102129	-	102129	7.86	2859612	-	2859612	7.86	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1):	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	745800	-	745800	57.37	20882400	-	20882400	57.37	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate									
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	125000	125000	9.62	-	3500000	3500000	9.62	-
Sub-Total(A)(2):									
<b>Total Shareholding of Promoters(A)=(A)(1)+(A2)</b>	847929	125000	972929	74.84	23742012	3500000	27242012	74.84	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)									

## (II) SHAREHOLDING OF PROMOTERS

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)Non-Institutions									
a)Bodies Corporate	-	-	-	-	-	-	-	-	-
i)Indian	-	-	-	-	-	-	-	-	-
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital up to Rs.1 lakh/Rs. 2 lakh	1160	13471	14631	1.13	5880	13188	19068	0.05	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs/Rs 2 lakh	240540	71800	312340	24.03	6761720	2374400	9136120	25.1	Nil
<b>C)Others (specify)</b>									
Foreign Nationals	-	-	-	-	-	-	-	-	-
Non-Resident Indians	100	-	100	0.01	2800	-	2800	0.01	Nil
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	241800	85271	327071	25.16	9157988	9157988	9157988	25.16	Nil
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	241800	85271	327071	25.16	6770400	2387588	9157988	25.16	Nil
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	1089729	210271	1300000	100	30512412	5887588	36400000	100	Nil

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr.Ram Kancharla	367150	28.24	Nil	10280200	28.24	Nil	Nil
2	Mr.Venkat Davarapalli	315650	24.28	Nil	8838200	24.28	Nil	Nil
3	Mr.Srinivasa Chakravarthy Yalamati	51629	3.97	Nil	1445612	3.97	Nil	Nil
4	Nidhi Sri Davarpalli Trust	31250	2.4	Nil	875000	2.4	Nil	Nil
5	Nitya Sri Davarpalli Trust	31250	2.4	Nil	875000	2.4	Nil	Nil
6	Sunil Kancharla Irrevocable Trust	31250	2.4	Nil	875000	2.4	Nil	Nil
7	Sai Krishna Kancharla Irrevocable Trust	31250	2.4	Nil	875000	2.4	Nil	Nil
8	Mrs.Sreevani Kancharla	31250	2.4	Nil	875000	2.4	Nil	Nil
9	Mrs.Rama Devi Davarpalli	31250	2.4	Nil	875000	2.4	Nil	Nil
10	Mrs.Yalamati Sujatha	25500	1.96	Nil	714000	1.96	Nil	Nil
11	Mr.Mohan Kancharla	25000	1.92	Nil	700000	1.92	Nil	Nil
12	Mr.Venkata Subba Rao Kancharla	500	0.04	Nil	14000	0.04	Nil	Nil

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

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	972929	74.81	27242012	74.81
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.)	Nil			
3	At the end of the year between 2017-18 and 2018-19	972929	74.81	27242012	74.81

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

S.No.	Name	Shareholding		Date	Increase 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	23.10.2018	3052080	B	3165120	8.7
2	M. Babu Rao	71800	5.52	23.10.2018	1938600	B	2010400	5.52
3	Maddukuri Hemalatha	55000	4.23	23.10.2018	1485000	B	1540000	4.23
4	Dharma Sastha K	49200	3.78	23.10.2018	1328400	B	1377600	3.78
5	M.S Chowdhary	23200	1.78	23.10.2018	626400	B	649600	1.78
6	V. Kalpana	3100	0.0023	23.10.2018	83700	B	86800	0.0023
7	K. Bhavani	2700	0.00207	23.10.2018	72900	B	75600	0.00207
8	SK Gulzar	2600	0.0020	23.10.2018	70200	B	72800	0.0020
9	K.Padmavathi	2400	0.0018	23.10.2018	64800	B	67200	0.0018
10	N.Nagalakshmi	2200	0.00169	23.10.2018	59400	B	61600	0.00169

Note: B denotes "During the Financial year 2018-2019 Bonus Shares were issued in ratio 1:27 on 23.10.2018 as record date

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

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
A	<b>Directors</b>				
1	Mr.Venkat Davarapalli	315650	24.28	8838200	24.28
2	Mr.Mohan Kancharla	25000	1.92	700000	1.92
3	Mr.Rama Krishna Sabbineni	Nil	Nil	Nil	Nil
4	Mr. Sai Krishna kancharla	Nil	Nil	Nil	Nil
5	Mr.Appa Rao Kancharla	Nil	Nil	Nil	Nil
6.	Mrs. Aruna Krishna Sabbineni	Nil	Nil	Nil	
B	<b>Key Managerial Personnel (KMPs)</b>				
1	Mr.Mohan Kancharla	25000	1.92	700000	1.92
2	Mr.Benarji Mallampati (CFO)	Nil	Nil	Nil	Nil
3	Mr.Surya Prakash Mungelkar	Nil	Nil	Nil	Nil

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

**V. Indebtedness**

(Rs. Lakhs)

Indebtedness of the Company including interest outstanding / accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	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
Change in Indebtedness during the financial year				
* Additions	117.58	-	-	117.58
* Reduction#	1,156.11	-	-	1,156.11
Net Change	1,038.53	-	-	1,038.53
Indebtedness at the end of the financial year				
i) Principal Amount	138.88	-	-	138.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	138.88	-	-	138.88

**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	12.94 - -
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as a % of profit	-
	- Others, specify...	-
<b>Total</b>		<b>12.94</b>
Ceiling as per the Act		<b>49.37</b>

**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	120,000		125,000		2,45,000/-		
2	Commission	Nil		Nil		Nil		
3	Others, please specify	Nil		Nil		Nil		
Total (B1)						2,45,000/-		
Other Non-Executive Directors								
	Name of the Director						Total Amount	
1	Fee for attending board / committee meetings	-	-	-	--	-	-	-
2	Commission	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-
Total (B1)							2,45,000/-	
Total (B)=(B1+B2)							-	
Total Sitting Fees							2,45,000/-	
Total Commission							-	
Overall Ceiling as per the Act for payment of commission to Non-Executive Directors							11,46,000/-	

**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	20.13	10.32	30.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as a % of profit	-	-	-
	- Others, specify...	-	-	-
5	Others, please specify.	-	-	-

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

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

**ANNEXURE –III (Secretarial Audit Report)****SECRETARIAL AUDIT REPORT****FORM NO. MR-3**

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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, 2019 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, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India( Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India ( Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents ) Regulations, 1993;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998;

**1. Other Laws applicable to the Company;**

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

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

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

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

- 1) The Company increased stake in CES Technology Services Private Limited from 60.99 % to 98.49 % Equity Shareholding.
- 2) The Company had dispute with minority shareholder of CES Technology Services Private Limited and matter was pending before NCLT, which got resolved.
- 3) The Company increase its authorized capital and subsequently altered MOA and AOA.
- 4) The company had increased its paid up capital from Rs.130 Lacs to Rs.3640 Lacs, through issue of 1:27 bonus equity shares to its members.
- 5) During the financial year it was noticed that Nomination and Remuneration Committee consists of one Executive Director, but it was reconstituted with all Non-Executive Directors as on 13<sup>th</sup> August, 2018.
- 6) Pursuant to Regulation 31(2) of SEBI (LODR) Regulation 2015, 100 % Promoter Holding to be in dematerialized account, but it is notice that 3500000 shares of promoter holding is in Physical Shares.

I had also examined compliance with the applicable clauses of:

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

**I further report that**

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

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



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

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

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

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

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

**Place:** Hyderabad  
**Date:** 1<sup>st</sup> September 2019

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, 2019  
Hyderabad

**ANNUAL SECRETARIAL COMPLIANCE REPORT 2018-2019****SECRETARIAL COMPLIANCE REPORT OF  
M/s. CES LIMITED  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

- (a) All the documents and records made available to me and explanation provided by **M/s. CES LIMITED (CIN: L55100TG1985PLC045963)** listed entity.
- (b) the filings/submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March 2019 (Review period) in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015;

- (i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and circulars/ guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period;

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

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

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.

The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:-

(c)

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

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the Secretarial Compliance Report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NOT APPLICABLE				

Date: 27-05-2019  
Place: Hyderabad

Signature:  
Sarada Putcha  
Company Secretaries  
ACS No: 21717  
C. P. No.: 8735

# ANNEXURE –IV

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

To  
The Members,  
CES Limited  
Hyderabad.

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

I, Sharada Putcha , Practicing Company Secretary have examined the Company and Registrar of Companies records, books and papers of CES Limited (CIN: L55100TG1985PLC045963) having its Registered office at **7<sup>th</sup> Floor, Tower-A, Ramky Selenium, Nanakramguda, Gachibowli, Hyderabad - 500 032**, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2019. In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2019:

List of Director of the Company as on 31st March, 2019:

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

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

**ANNEXURE – V****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 27<sup>th</sup>, 2019 (10:00 am) and ends on September 29, 2019 (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 21<sup>st</sup> September, 2019. 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. 21<sup>st</sup> September, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or (company/ RTA email id).

**NOTE: The "remote e-voting" end time shall be 5:00 p.m. on 29<sup>th</sup> September 2019 and the cut-off date shall be 21<sup>st</sup> September 2019**

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

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

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

1. Open the attached PDF file "**e-Voting.pdf**" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (In case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".

4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
7. Select “EVEN” of CES Limited. Members can cast their vote online from **September 27<sup>th</sup>, 2019 (10:00 am) and ends on September 29, 2019 (5:00 pm)**  
**Note:** e-Voting shall not be allowed beyond said time.
8. Now you are ready for “e-Voting” as “Cast Vote” page opens.
9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [sharadacs@gmail.com](mailto:sharadacs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Please note the following:**

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

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

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

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

**Other information:**

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

- Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the e-voting system of NSDL.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

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

**To the Members of  
CES Limited**

## **Opinion**

We have audited the financial statements of **CES LIMITED** (“the Company”), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit for the year ended on that date.

## **Basis for Opinion**

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

## **Emphasis of Matter**

In relation to CES USA, Inc. and Affiliates which is a subsidiary to the company during the year ended March 31, 2019, CES USA, Inc. and Affiliates acquired a membership interest in Ample IT Services, LLC, and determined to treat Ample IT Services, LLC, as an equity investment until such time that goodwill can be finalized. Our opinion is not modified with respect to this matter.

## **Key Audit Matters**

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

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

## **Management's Responsibility for the Consolidated Ind AS Financial Statements**

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

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

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

## **Auditor's Responsibility**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to

the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

We did not audit the financial statements and other financial information, in respect of 3 subsidiaries (except CES Information Technologies Private Limited), whose Ind AS financial statements include total assets of Rs. 57,85,12,521/- as at 31<sup>st</sup> March, 2019, total revenue of Rs. 1,38,22,76,150 for the year ended on that date. 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. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the information furnished to us.

### **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, 2019, 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, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in '**Annexure A**'; and
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has no pending litigations which would impact on its financial position.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.

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

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

**Place: Hyderabad  
Date: 27/05/2019**

## **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 31<sup>st</sup> March 2019, 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 detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitation of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

In our opinion, The Holding Company and its subsidiary 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, 2019, 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: 27/05/2019**

**CES LIMITED**

**Consolidated Balance Sheet as at 31st, March 2019**

Particulars	Note No	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
<b>ASSETS:</b>			
<b>1 Non-Current Assets:</b>			
(a) Property, Plant and Equipment	1	539,574,746	435,569,416
(b) Capital Work-in-progress		2,359,892	77,675,325
( c) Goodwill		72,953,440	71,901,715
(d) Goodwill on Consolidation		49,560,478	43,697,978
<b>(e) Financial Assets:</b>			
(i) Other Financial Assets	2	10,896,903	10,467,933
( f) Deferred Tax Asset		-	(95,862)
<b>2 Current Assets:</b>			
<b>(a) Financial Assets:</b>			
(i) Trade Receivables	3	353,522,841	350,523,273
(ii) Cash and Cash Equivalents	4	240,672,271	120,108,992
(iii) Loans	5	196,051,429	219,158,767
(b) Other Current Assets	6	170,867,008	114,157,200
<b>Total</b>		<b>1,636,459,008</b>	<b>1,443,164,737</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	7	364,000,000	13,000,000
(b) Other Equity	8	512,938,141	745,143,695
<b>Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
<b>(a) Financial Liabilities:</b>			
(i) Borrowings	9	6,396,572	101,712,218
(b) Provisions	10	24,145,455	16,959,520
(c) Deferred Tax Liabilities (Net)	11	32,164,434	16,695,302
<b>2 Current Liabilities</b>			
<b>(a) Financial Liabilities:</b>			
(i) Trade Payables	12	66,359,754	73,471,212
(b) Other Current Liabilities	13	502,526,565	204,974,928
(c) Provisions	14	127,928,085	271,207,859
<b>Total</b>		<b>1,636,459,008</b>	<b>1,443,164,737</b>

**Summary of Significant Accounting Policies**

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P 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 Kancharla  
Director

Place : Hyderabad  
Date : 27th, May 2019.

sd/-  
Benarji Mallampati  
Chief Financial Officer

sd/-  
Surya Prakash M  
Company Secretary

**CES LIMITED**

**Consolidated Statement of Profit and Loss for the Year ended 31st March 2019**

Particulars	Note No	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
I. Revenue from Operations	15	2,464,762,045	2,038,850,848
II. Other Income	16	31,830,350	4,326,866
<b>III. Total Income (I +II)</b>		<b>2,496,592,395</b>	<b>2,043,177,714</b>
<b>IV. Expenses:</b>			
Employee Benefits expense	17	1,707,365,681	1,552,519,295
Finance costs	18	6,819,856	8,121,093
Depreciation and amortization expense	1	72,726,171	60,750,148
Other Expenses	19	521,967,753	303,210,072
<b>IV. Total Expenses</b>		<b>2,308,879,461</b>	<b>1,924,600,608</b>
V. Profit/(Loss) before exceptional items and tax (III - IV)		<b>187,712,934</b>	<b>118,577,106</b>
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		<b>187,712,934</b>	<b>118,577,106</b>
VIII. Tax expense:			
(1) Current tax		46,368,360	34,730,988
(2) Deferred tax		15,145,608	1,316,323
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)			-
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		<b>126,198,966</b>	<b>82,529,795</b>
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		678,188	926,012
(ii) Actuarial loss on defined benefit plans reconginised in accordance with Ind AS 19.		8,971,804	(1,788,974)
<b>Total Comprehensive Income for the period</b>		<b>116,548,974</b>	<b>83,392,757</b>
XI. Earnings per equity share (for continuing operation):			
(1) Basic		3.47	2.27
(2) Diluted		3.47	2.27

**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 Kancharla  
Director

Place : Hyderabad  
Date : 27th, May 2019.

sd/-  
Benarji Mallampati  
Chief Financial Officer

sd/-  
Surya Prakash M  
Company Secretary

**CES LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Year Ended 31-03-2019 (Rs.)	Year Ended 31-03-2018 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	<b>187,712,934</b>	<b>118,577,106</b>
Adjustments for:		
Interest	6,819,856	8,121,093
Depreciation	72,726,171	60,750,148
Comprehensive income for the year	9,649,992	(862,962)
Operating Profit before working capital changes	<b>276,908,953</b>	<b>186,585,385</b>
Adjustments for:		
Trade and other receivables	(2,999,568)	23,150,057
Short Term Loans and Advances	23,107,338	(95,621,963)
Other Current Liabilities	297,551,637	(12,732,776)
Short Term provisions	(143,279,774)	146,176,727
Trade payables	(7,111,458)	(12,684,500)
Other Current assets	(64,353,549)	58,745,705
Cash generated from operations	379,823,579	293,618,635
Direct taxes	(61,513,968)	(36,047,311)
Cash flow before extraordinary items	<b>318,309,611</b>	257,571,324
Extraordinary items	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>318,309,611</b>	<b>257,571,324</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(195,447,708)	(72,648,079)
Sale/Adjustment of Assets	93,079,915	(83,798,034)
Proceeds from other financial assets	(428,970)	-
Repayment of Loan	(95,315,646)	-
Investment in Non-Current Investments	-	-
Net Cash Used In Investing Activities	<b>(198,112,409)</b>	<b>(156,446,113)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(6,819,856)	(8,121,093)
Long Term Liabilities	-	(67,638,807)
Long Term Provisions	7,185,935	(3,504,115)
Long Term Loans and Other Financial Assets	-	21,904,634
Net Cash Flow From Financing Activities	<b>366,079</b>	<b>(57,359,381)</b>
<b>NET INCREASE\ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>120,563,281</b>	<b>43,765,830</b>
Cash and Cash equivalents ( Opening Balance)	120,108,992	76,343,162
Cash and Cash equivalents ( Closing Balance)	<b>240,672,271</b>	<b>120,108,992</b>

**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**

**Place : Hyderabad.**

**Date : 27th, May 2019.**

**For and on behalf of the Board**

**CES Limited**

**sd/-**

**Mohana Rao Kancharla**

**Director**

**sd/-**

**Appa Rao Kancharla**

**Director**

**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 2019**

**A. EQUITY SHARECAPITAL:**

Balance as at 1st April 2018	Changes in Equity Capital during the year	Balance as at 31st March 2019
13,000,000	351,000,000	364,000,000

**B. OTHER EQUITY:**

Particulars	Exchange differences on transalting 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 2018	-	-	745,143,695	745,143,695
Restated balance at the beginning of the reporting period	-	-	745,143,695	745,143,695
Total comprehensive Income for the Year	-	116,548,974	-	116,548,974
Transfer to General Reserve	-	-	(351,000,000)	(351,000,000)
Any other change (to be specified) - FCTR	2,245,472			2,245,472
Transfer to Retained Earnings	(2,245,472)	(116,548,974)	118,794,446	-
Balance at the end of the reporting period as at 31st March 2019.	-	-	512,938,141	512,938,141

**CES LIMITED**

**NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2019**

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2019	Net Block as on 31.03.2018
		As on 01.04.2018	Additions during the Year	Deletions during the Year	As on 31.03.2019	Dep. As on 01.04.2018	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	<b><u>PROPERTY, PLANT AND EQUIPMENT:</u></b>										
1	BUILDINGS (HYDERABAD)	253,424,246	-	-	253,424,246	10,057,089	-	4,009,804	14,066,893	239,357,353	243,367,157
2	COMPUTERS & SOFTWARE	227,916,204	45,565,545	-	273,481,749	143,620,685	-	48,317,043	191,937,728	81,544,021	84,058,866
3	OFFICE EQUIPMENT	53,767,429	14,323,156	-	68,090,585	23,674,722	-	9,428,344	33,103,066	34,987,519	30,031,674
4	FURNITURE AND FIXTURES	60,085,489	21,071,303	-	81,156,792	14,024,456	-	5,979,916	20,004,372	61,152,420	46,061,033
5	MOTOR VEHICLES	5,550,912	-	-	5,550,912	3,481,671	-	507,912	3,989,583	1,561,329	2,069,241
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	311,975	-	25,296	337,271	2,166,979	2,192,275
7	BUILDING (SIPCOT)	31,346,107	-	-	31,346,107	3,556,937	-	488,588	4,045,525	27,300,582	27,789,170
8	BUILDINGS (VIZAG) - BLOCK 1	-	93,079,915	-	93,079,915	-	-	1,105,576	1,105,576	91,974,339	-
	<b><u>INTANGIBLE ASSETS:</u></b>										
1	GOODWILL	83,158,800	3,643,307	-	86,802,107	11,454,771	-	2,863,692	14,318,463	72,483,644	71,901,715
	<b><u>CAPITAL WORK IN PROGRESS</u></b>										
1	BUILDINGS (VIZAG) - BLOCK 2	77,675,325	17,764,482	93,079,915	2,359,892	-	-	-	-	2,359,892	77,675,325
	<b>TOTAL</b>	<b>795,428,762</b>	<b>195,447,708</b>	<b>-</b>	<b>897,796,555</b>	<b>210,182,306</b>	<b>-</b>	<b>72,726,171</b>	<b>282,908,477</b>	<b>614,888,078</b>	<b>585,146,456</b>
	<b>PREVIOUS YEAR</b>	<b>722,741,716</b>	<b>72,648,079</b>		<b>795,389,795</b>	<b>201,109,028</b>	<b>-</b>	<b>60,750,148</b>	<b>210,243,339</b>	<b>585,146,456</b>	<b>521,632,688</b>

**CES LIMITED**

**Notes to Financial Statements for the Year ended 31st March, 2019**

**NOTE NO. 2 : LOANS-NON CURRENT**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>Other Financial Assets:</b> Security Deposit Secured, Considered Good	10,896,903	10,467,933
	<b>Total Loans</b>	<b>10,896,903</b>	<b>10,467,933</b>

**NOTE NO. 3 : TRADE RECEIVABLES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Unsecured, Considered Good	353,522,841	354,154,731
		353,522,841	354,154,731
	Less: Allowance for Doubtful Debts	-	3,631,457
	<b>Total Trade Receivables</b>	<b>353,522,841</b>	<b>350,523,273</b>

**NOTE NO. 4 : CASH AND CASH EQUIVALENTS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	232,225,317	105,555,055
	2) Bank deposits with more than 12 months maturity	-	1,240,115
	3) Bank deposits with less than 12 months maturity	8,288,115	13,101,639
	b) Cash on hand	158,839	212,183
	<b>Total Cash and Cash Equivalents</b>	<b>240,672,271</b>	<b>120,108,992</b>

**NOTE NO. 5 : LOANS - CURRENT**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Unsecured, Considered Good		
	Loans and Advances to Employees	5,255,616	4,888,326
	Prepaid Expenses	9,825,925	16,301,257
	Advance for Expenses	1,704,471	1,392,487
	GST Input Credit	53,825,140	35,899,855
	Advance for Immovable Property	-	-
	Advance Tax and TDS Receivable	83,327,875	74,821,802
	Other Advances	42,112,402	85,855,040
	<b>Total Loans and Advances</b>	<b>196,051,429</b>	<b>219,158,767</b>

**NOTE NO. 6 : OTHER CURRENT ASSETS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,820,906	2,869,428
	Other Current Assets	168,046,102	110,856,136
	MAT Credit	-	431,636
	<b>Total Other Current Assets</b>	<b>170,867,008</b>	<b>114,157,200</b>

**CES LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2019**

**NOTE NO. 7 : EQUITY SHARE CAPITAL**

S.No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Equity Share Capital		
	(a) Authorised		
	(3,65,00,000 Shares of 10/- each Current Year )		-
	(2,01,00,000 Shares of 10/- each Previous Year )	365,000,000	201,000,000
		<b>365,000,000</b>	<b>201,000,000</b>
	(b) Issued		
II	[3,64,00,000 Shares of 10/- each Current Year (of which		-
	3,51,00,000 shares of 10/- each issued by way of bonus shares )]		
	(13,00,000 Shares of 10/- each Previous Year )	364,000,000	13,000,000
	(c) Subscribed & Fully Paid Up		
	[3,64,00,000 Shares of 10/- each Current Year (of which		-
	3,51,00,000 shares of 10/- each issued by way of bonuse shares)]		
	(13,00,000 Shares of 10/- each Previous Year )	364,000,000	13,000,000
	<b>Total Equity Share capital</b>	<b>364,000,000</b>	<b>13,000,000</b>
	<b>A Reconciliation of the number of shares outstanding at</b>		
	<b><u>the beginning and at the end of the reporting period:</u></b>		
III	<b>Equity Shares of Rs.10Each, Fully paid up</b>		
	At the Beginning	1,300,000	1,300,000
	Issued during the year	35,100,000	-
	At the end	<b>36,400,000</b>	<b>1,300,000</b>
III	<b><u>Details of Shareholder holding more than 5% shares of the company:</u></b>	<b>% of Share Holding</b>	
	<b>Equity Shares of Rs. 10 each Held By</b>		
	Ram Kancharla -10,280,200 Shares (C.Y ) ... 367,150 Shares ( P.Y)	28.24	28.24
	Venkateswara Rao.D - 8,838,200 Shares (C.Y ) ... 315,650 Shares ( P.Y)	24.28	24.28
	Pokuri Swarnalatha -3,165,120 Shares (C.Y ) ... 113,040 Shares ( P.Y)	8.70	8.70
	M.Babu Rao - 2,010,400 Shares (C.Y ) ... 71,800 Shares ( P.Y)	5.52	5.52

**NOTE NO. 8 : OTHER EQUITY**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>RESERVES AND SURPLUS</b>		
	a) General Reserves		
	As at the commencement of the year	45,688,367	45,688,367
		<b>45,688,367</b>	<b>45,688,367</b>
	b) Capital Reserve (Sharewarrants forefeited)	87,000,000	<b>87,000,000</b>
	c) Retained Earnings :		
	i) Opening Balance - Profit and Loss Account	586,676,898	503,284,142
	Add: Transfer from Profit & Loss Account	116,548,974	83,392,756
	Less: Transfer for Issue of Bonus Shares	351,000,000	<b>586,676,898</b>
		<b>352,225,872</b>	<b>719,365,265</b>
	Translation Adjustment	28,023,902	25,778,430
	<b>Total Other Equity</b>	<b>512,938,141</b>	<b>745,143,695</b>
	Minority Interest	<b>58,935,500</b>	<b>32,125,104</b>

**NOTE NO. 9 : BORROWINGS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>Term Loans:</b>		
	a) Term Loans from Banks :		
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	4,212,143	12,597,141
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	-	75,496,513
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	-	181,259
	b) Other Loans	2,184,430	13,437,304
	<b>Total Borrowings</b>	<b>6,396,572</b>	<b>101,712,218</b>

**NOTE NO. 10 : PROVISIONS**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits - Provision for Gratuity	24,145,455	16,959,520
	<b>Total Provisions</b>	<b>24,145,455</b>	<b>16,959,520</b>

**NOTE NO. 11: DEFERRED TAX LIABILITY ( NET )**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	25,544,209	10,577,338
	Add:		
	Deferred Tax Liability for the year	15,644,763	14,794,397
	<b>Gross Deferred tax Liability</b>	<b>41,188,972</b>	<b>25,371,735</b>
	Opening Deferred tax Asset	8,676,433	8,676,433
	Add: Deferred Tax Asset for the year	348,105	-
	<b>Gross Deferred tax Asset</b>	<b>9,024,538</b>	<b>8,676,433</b>
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>32,164,434</b>	<b>16,695,302</b>

**NOTE NO. 12 : TRADE PAYABLES**

S. No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Trade Payables	66,359,754	73,471,212
	<b>Total Trade Payables</b>	<b>66,359,754</b>	<b>73,471,212</b>

**NOTE NO. 13 : OTHER CURRENT LIABILITES**

S.No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	9,676,192	29,466,395
II	Statutory Liabilities		
	TDS Payable	6,371,729	2,655,848
	Swacha Bharat Cess Payable	-	(10,993)
	Service Tax Payable		-
	GST Payable	66,566	130,111
	Professional Tax Payable	156,358	138,599
III	Other Liabilities	486,255,720	66,926,466
IV	Loan from related parties	-	105,668,502
V	Advance received from Customers		-
	<b>Total Other Current Liabilites</b>	<b>502,526,565</b>	<b>204,974,928</b>

**NOTE NO. 14 : PROVISIONS**

S.No.	Particulars	Consolidated	Consolidated
		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	47,530,158	84,097,759
	ESI Payable	191,202	161,155
	PF Payable	2,284,292	1,990,044
		<b>50,005,652</b>	<b>86,248,958</b>
	b) Others		
	Provision for Income Tax	45,513,971	33,162,023
	Consultancy Charges Payable	28,447,247	11,850,300
	Audit Fee Payable	961,154	917,528
	Other Provisions	3,000,061	139,029,049
		<b>77,922,433</b>	<b>184,958,901</b>
	<b>Total Provisions</b>	<b>127,928,085</b>	<b>271,207,859</b>

**CES LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2019**

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

S.No.	Particulars	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	4,161,713	6,414,631
	Export Sales	2,460,600,332	2,032,436,218
	<b>Total Revenue from Operations</b>	<b>2,464,762,045</b>	<b>2,038,850,848</b>

**NOTE NO. 16 : OTHER INCOME**

S.No.	Particulars	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
I	(a) Interest income	2,914,938	4,326,866
	(b) Rental Income	21,809,138	-
	(c) Other Income	7,106,275	-
	<b>Total Other Income</b>	<b>31,830,350</b>	<b>4,326,866</b>

**NOTE NO. 17 : EMPLOYEE BENEFITS EXPENSE**

S.No.	Particulars	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	1,675,050,932	1,527,312,780
	(b) Contribution to Provident & Other Funds	16,115,717	11,905,558
	(c) Staff Welfare Expenses	16,199,032	13,300,958
	<b>Total Employee Benefit Expenses</b>	<b>1,707,365,681</b>	<b>1,552,519,295</b>

**NOTE NO. 18 : FINANCE COSTS**

S.No.	Particulars	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
I	(a) Interest Expenses	-	1,735,047
	- Interest on Vehicle Loan	34,335	46,606
	- Interest on Term Loan	4,127,234	6,339,440
	- Other Finance Costs	2,658,286	-
	<b>Total Finance Cost</b>	<b>6,819,856</b>	<b>8,121,093</b>

**NOTE NO. 19 : OTHER EXPENSES**

S.No.	Particulars	Consolidated 31-03-2019	Consolidated 31-03-2018
		(Rs.)	(Rs.)
I	(a) Electricity Charges	18,339,928	16,860,591
	(b) Rent	34,707,259	20,249,239
	(c) Repairs to Buildings and Equipments	424,752	1,655,051
	(d) Insurance	9,663,924	10,141,125
	(a) Telephone, Postage and Others	11,029,661	11,390,072
	(b) Advertisement Expenses	53,180	31,615
	(c) Conveyance & Travelling Expenses	39,670,400	48,172,327
	(d) CSR Expenditure	2,264,000	2,243,000
	(e) Office Maintenance	19,401,417	20,851,738
	(f) Printing & Stationery Expenses/Subscriptions	4,755,413	2,543,050
	(g) Security Charges	3,320,560	2,573,210
	(h) Rates & Taxes (excluding Income Tax)	9,663,071	1,718,686
	(i) Computer Hire Charges	13,732,707	11,546,426
	(j) Professional and Consultancy fee	49,041,306	18,967,790
	(k) Job Portal Expenses	11,961,359	
	(l) Outside Consultancy Fees	168,586,810	
	(k) Bank Charges	1,362,477	1,340,915
	(l) Expected Credit Losses	-	31,014
	(m) Taxes of earlier Years	291,583	1,604,381
	(n) Donation	-	400,000
	(o) Other operating expenses	113,919,203	121,378,967
	(p) Bad debts	-	638,750
	(p) Exchange gain/loss	9,376,743	8,470,124
	(q) Payment to Auditors:		
	(i) As Auditor	402,000	402,000
	<b>Total Other Expenses</b>	<b>521,967,753</b>	<b>303,210,072</b>

## **SIGNIFICANT ACCOUNTING POLICIES**

### **20. Company overview**

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

### **21. Significant accounting policies**

#### **21.1 Basis of preparation of financial statements**

##### **(i) Compliance with Ind AS**

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

##### **(ii) Historical Cost Convention.**

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

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

#### **21.1a Principles of Consolidation:**

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

The consolidated financial statements include the financial statements of CES Limited and its subsidiaries CES USA Inc. (Wholly owned subsidiary), CES Information Technologies Private Limited (70% owned), CES Technology Services Private Limited (98.50% 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.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019:

### 22. Related Party Transactions:

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

SL. No	Name of the Related Party	Nature of Relation	Nature of Transaction	2018-19	2017-18
1	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 12,94,000/-	Rs. 7,31,000/-
2	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 20,13,000/-	Rs. 16,27,000/-
3	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 10,32,000/-	Rs. 8,11,000/-

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

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

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

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March, 2019</b>	<b>IT Services</b>	<b>IT Enabled Services</b>	<b>Total</b>
Revenues	5,157.64	19,489.98	24,647.62
Direct Expenses	2,989.58	14,084.08	17,073.66
<b>Gross Income</b>			<b>7,573.96</b>
Less: Un-allocated Expenses			5,946.94
Less: Interest and Other Expenses (NET)			68.20
<b>Add: Interest Income</b>			<b>318.31</b>
<b>Net Profit Before Taxes</b>			<b>1,877.13</b>
Income Taxes			615.14
<b>Net Profit After Taxes</b>			<b>1,261.99</b>

**GEOGRAPHICAL SEGMENTS:**

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March, 2019</b>	<b>USA</b>	<b>DOMESTIC</b>	<b>Total</b>
Revenues	24,584.40	63.22	24,647.62
Direct Expenses	17,037.68	35.98	17,073.66
<b>Gross Income</b>			<b>7,573.96</b>
Less: Un-allocated Expenses			5,946.94
Less: Interest and Other Expenses (NET)			68.20
<b>Add: Interest Income</b>			<b>318.31</b>
<b>Net Profit Before Taxes</b>			<b>1,877.13</b>
Income Taxes			615.14
<b>Net Profit After Taxes</b>			<b>1,261.99</b>

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

Name of the Entity	Net Assets, i.e Total assets minus Total Liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount (Rs. Lacs)	As % of Consolidated Profit or Loss	Amount (Rs. Lacs)
<b>CES Limited</b>	70.51	6,183.32	41.16	732.86
<b>Indian Subsidiaries:</b>				
<b>CES Information Technologies Pvt. Ltd.</b>	11.75	1,030.57	43.46	773.86
<b>CES Global IT Solutions Pvt. Ltd.</b>	5.18	454.30	8.00	142.47
<b>CES Technology Services Pvt. Ltd.</b>	2.21	193.62	0.10	1.83
<b>Foreign Subsidiaries:</b>				
<b>CES USA Inc.</b>	10.35	907.57	7.28	129.61
<b>TOTAL</b>		<b>8,769.38</b>		<b>1,780.63</b>
<b>Adjustments arising out of consolidation</b>		(348.28)		(1,428.32)
<b>Minority Interest</b>				
<b>Indian Subsidiaries:</b>				
<b>CES Information Technologies Pvt. Ltd.</b>		(308.87)		(232.16)
<b>CES Global IT Solutions Pvt. Ltd.</b>		(135.99)		(42.74)
<b>CES Technology Services Pvt. Ltd.</b>		(2.89)		(0.03)
<b>Consolidated Net Assets/Profit before Tax</b>		<b>7,973.35</b>		<b>77.38</b>

**26. Calculation of EPS as per the Ind AS - 33 for the year ending 31<sup>st</sup> March, 2019.**

	<u><b>Rs.</b></u>
Profit available to the equity shareholders	12,61,98,966/-
Weighted average number of shares outstanding	3,64,00,000
Basic Earnings per Share	3.47
Diluted Earnings per Share	3.47

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

**SIGNATURE TO NOTES 1 To 27**

**As per our report of even date  
For P C N & Associates,  
(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**

**Place: Hyderabad  
Date: 27<sup>th</sup> May, 2019.**

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

**Sd/-  
Surya Prakash Mungelkar  
Company Secretary**

# **INDEPENDENT AUDITOR'S REPORT**

**To the members of  
CES Limited**

## **Opinion**

We have audited the financial statements of CES LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit for the year ended on that date.

## **Basis for Opinion**

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

## **Key Audit Matters**

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial

controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) the Balance Sheet, Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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: 27/05/2019**

## **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 31<sup>st</sup> March, 2019 Under "Report on other Legal & Regulatory Requirements"**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) Fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.  
  
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, this clause is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. 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 31<sup>st</sup> March 2019 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: 27/05/2019**

## **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 31<sup>st</sup> march 2019.**

### **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 31<sup>st</sup> March 2019 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 2019, 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: 27/052019**

**CES LIMITED**

**Balance Sheet as at 31st, March 2019**

Particulars	Note No	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
<b>ASSETS:</b>			
<b>1 Non-Current Assets:</b>			
(a) Property, Plant and Equipment	1	468,142,534	359,622,321
(b) Capital Work-in-progress		2,359,892	77,675,325
(c) Goodwill		14,318,466	17,182,158
<b>(d) Financial Assets:</b>			
(i) Investments	2	84,388,610	78,488,610
(ii) Loans	3	-	10,273,844
(iii) Other Financial Assets	3	7,587,787	8,398,932
<b>2 Current Assets:</b>			
<b>(a) Financial Assets:</b>			
(i) Trade Receivables	4	199,976,502	185,007,366
(ii) Cash and Cash Equivalents	5	92,885,368	53,072,507
(iii) Loans	6	131,967,456	161,498,610
(b) Other Current Assets	7	9,132,918	5,347,785
<b>Total</b>		<b>1,010,759,533</b>	<b>956,567,459</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	8	364,000,000	13,000,000
(b) Other Equity	9	254,331,310	567,260,785
<b>Liabilities</b>			
<b>2 Non-Current Liabilities</b>			
<b>(a) Financial Liabilities:</b>			
(i) Borrowings	10	4,212,143	88,274,913
(b) Provisions	11	24,145,455	16,959,520
(c) Deferred Tax Liabilities (Net)	12	18,522,912	3,007,728
<b>3 Current Liabilities</b>			
<b>(a) Financial Liabilities:</b>			
(i) Trade Payables	13	37,067,365	30,697,279
(b) Other Current Liabilities	14	252,519,159	175,234,684
(c) Provisions	15	55,961,189	62,132,549
<b>Total</b>		<b>1,010,759,533</b>	<b>956,567,459</b>

**Summary of Significant Accounting Policies**

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P C N & Associates,  
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 Kancharla  
Director

Place : Hyderabad  
Date : 27th May, 2019.

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 2019**

Particulars	Note No	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
I. Revenue from Operations	16	999,800,425	744,230,801
II. Other Income	17	22,582,419	1,237,767
<b>III. Total Income (I +II)</b>		<b>1,022,382,844</b>	<b>745,468,568</b>
<b>IV. Expenses:</b>			
Employee Benefits expense	18	567,393,263	466,117,114
Finance costs	19	4,161,569	6,386,046
Depreciation and amortization expense	1	31,677,171	26,960,374
Other Expenses	20	336,215,140	174,252,209
<b>IV. Total Expenses</b>		<b>939,447,142</b>	<b>673,715,743</b>
V. Profit/(Loss) before exceptional items and tax (III - IV)		<b>82,935,702</b>	<b>71,752,825</b>
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V-VI)		<b>82,935,702</b>	<b>71,752,825</b>
VIII. Tax expense:			
(1) Current tax		19,700,000	21,905,000
(2) Deferred tax		15,515,184	1,625,868
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		<b>47,720,518</b>	<b>48,221,957</b>
X. Other Comprehensive Income.			
A. Items that will not be reclassified to Profit or Loss			
(i) Exchange (gain)/Loss on foreign currency transactions		678,188	890,141
(ii) Actuarial loss on defined benefit plans reconginised in accordance with Ind AS 19.		8,971,804	(1,788,974)
<b>Total Comprehensive Income for the period</b>		<b>38,070,525</b>	<b>49,120,790</b>
XI. Earnings per equity share (for continuing operation):			
(1) Basic		1.31	37.09
(2) Diluted		1.31	37.09

**Summary of Significant Accounting Policies**

The accompanying Notes are an Integral Part of the Financial Statements

**AS PER OUR REPORT OF EVEN DATE**

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

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

Place : Hyderabad  
Date : 27th May, 2019.

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**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
	(Rs.)	(Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	<b>82,935,702</b>	<b>71,752,825</b>
Adjustments for:		
Interest	4,161,569	6,386,046
Depreciation	31,677,171	26,960,374
Comprehensive income for the year	9,649,992	(898,833)
Operating Profit before working capital changes	<b>109,124,450</b>	<b>105,998,078</b>
Adjustments for:		
Trade and other receivables	(14,969,136)	(15,306,640)
Short Term Loans and Advances	29,531,154	(45,998,740)
Other Current Liabilities	77,284,475	104,473,678
Short Term provisions	(6,171,360)	(17,692,117)
Trade payables	6,370,086	9,404,943
Other Current assets	(3,785,133)	(3,424,063)
Cash generated from operations	197,384,536	137,455,139
Direct taxes	(19,700,000)	(23,045,000)
Cash flow before extraordinary items	177,684,536	114,410,139
Extraordinary items	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>177,684,536</b>	<b>114,410,139</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(62,018,259)	(89,628,500)
Proceeds from other financial assets	811,145	-
Repayment of Loan	10,273,844	-
Investment in Non-Current Investments	(5,900,000)	-
Net Cash Used In Investing Activities	<b>(56,833,270)</b>	<b>(89,628,500)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(4,161,569)	(6,386,046)
Long Term Liabilities	-	4,294,189
Long Term Provisions	7,185,935	(3,504,115)
Long Term Loans and Other Financial Assets	(84,062,770)	2,326,220
Net Cash Flow From Financing Activities	<b>(81,038,404)</b>	<b>(3,269,752)</b>
<b>NET INCREASE\\(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>39,812,862</b>	<b>21,511,887</b>
Cash and Cash equivalents ( Opening Balance)	53,072,507	31,560,620
Cash and Cash equivalents ( Closing Balance)	<b>92,885,368</b>	<b>53,072,507</b>

**AS PER OUR REPORT OF EVEN DATE**

**For P C N & Associates,  
Chartered Accountants  
Firm Regn. No: 0160165**

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

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

Place : Hyderabad.  
Date : 27th May 2019

sd/-  
Mohana Rao Kancharla  
Director

sd/-  
Benarji Mallampati  
Chief Financial Officer

sd/-  
Appa Rao Kancherla  
Director  
  
sd/-  
Surya Prakash M  
Company Secretary

**CES LIMITED**

**Statement of Changes in Equity for the period ended 31st March 2019**

**A. EQUITY SHARECAPITAL:**

Balance as at 1st April 2018	Changes in Equity Capital during the year	Balance as at 31st March 2019
13,000,000	351,000,000	364,000,000

**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 2018	-	-	567,260,785	567,260,785
Restated balance at the beginning of the reporting period	-	-	567,260,785	567,260,785
Total comprehensive Income for the Year	-	38,070,525	-	38,070,525
Transfer to General Reserve	-	-	(351,000,000)	(351,000,000)
Transfer to Retained Earnings	-	(38,070,525)	38,070,525	-
Balance at the end of the reporting period as at 31st March 2019.	-	-	254,331,310	254,331,310

CES LIMITED

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2019

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2019	Net Block as on 31.03.2018
		As on 01.04.2018	Additions during the Year	Deletions during the Year	As on 31.03.2019	Dep. As on 01.04.2018	Depre. on Deletions	Dep. For the Year	Total Depreciation		
	<b><u>PROPERTY, PLANT AND EQUIPMENT:</u></b>										
1	BUILDINGS (HYDERABAD)	253,424,246		-	253,424,246	10,057,089	-	4,009,804	14,066,893	239,357,353	243,367,157
2	COMPUTERS & SOFTWARE	92,559,974	8,992,584	-	101,552,558	81,018,317	-	7,760,272	88,778,589	12,773,969	11,541,657
3	OFFICE EQUIPMENT	51,136,722	14,189,890	-	65,326,612	22,400,524	-	8,936,115	31,336,639	33,989,973	28,736,198
4	FURNITURE AND FIXTURES	57,849,829	21,071,303	-	78,921,132	13,923,206	-	5,979,916	19,903,122	59,018,010	43,926,623
5	MOTOR VEHICLES	5,550,912	-	-	5,550,912	3,481,671	-	507,912	3,989,583	1,561,329	2,069,241
6	LEASE HOLD LAND (SIPCOT)	2,504,250	-	-	2,504,250	311,975	-	25,296	337,271	2,166,979	2,192,275
7	BUILDING (SIPCOT)	31,346,107		-	31,346,107	3,556,937	-	488,588	4,045,525	27,300,582	27,789,170
8	BUILDINGS (VIZAG)-BLOCK 1	-	93,079,915	-	93,079,915	-	-	1,105,576	1,105,576	91,974,339	-
	<b>INTANGIBLE ASSETS:</b>										
1	GOODWILL	28,636,929	-		28,636,929	11,454,771	-	2,863,692	14,318,463	14,318,466	17,182,158
	<b><u>CAPITAL WORK IN PROGRESS</u></b>										
1	BUILDING (VIZAG)-BLOCK 2	77,675,325	17,764,482	93,079,915	2,359,892	-	-	-	-	2,359,892	77,675,325
	<b>TOTAL</b>	<b>600,684,294</b>	<b>155,098,174</b>	<b>-</b>	<b>662,702,553</b>	<b>146,204,490</b>	<b>-</b>	<b>31,677,171</b>	<b>177,881,661</b>	<b>484,820,892</b>	<b>454,479,804</b>
	<b>PREVIOUS YEAR</b>	<b>511,055,794</b>	<b>89,628,500</b>	<b>-</b>	<b>600,684,294</b>	<b>119,244,116</b>	<b>-</b>	<b>26,960,374</b>	<b>146,204,490</b>	<b>454,479,804</b>	<b>391,811,678</b>

**CES LIMITED**

**Notes to Financial Statements for the Year ended 31st March, 2019**

**NOTE NO. 2 : INVESTMENTS**

S.No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(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
	2) CES Information Technologies Pvt. Ltd. 6,999 (Previous year 7000) equity shares of Rs. 10/- fully paid up.	70,000	70,000
	3) CES Global IT Solutions Private Limited. 6,999 equity shares of Rs. 10/- fully paid up.	20,120,166	20,120,166
	4) CES Technology Services Private Limited. 9,849 equity shares of Rs. 10/- fully paid up.	29,608,812	23,708,812
	<b>Total Investments</b>	<b>84,388,610</b>	<b>78,488,610</b>

**NOTE NO. 3 : LOANS- NON CURRENT**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>Loans to Related Parties</b>		
	Unsecured, Considered Good	-	10,273,844
II	<b>Other Financial Assets:</b>		
	Security Deposit		
	Secured, Considered Good	7,587,787	8,398,932
	<b>Total Loans-Non Current</b>	<b>7,587,787</b>	<b>18,672,776</b>

**NOTE NO. 4 : TRADE RECEIVABLES**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Unsecured, Considered Good	199,976,502	188,638,823
		199,976,502	188,638,823
	Less: Allowance for Doubtful Debts		3,631,457
	<b>Total Trade Receivables</b>	<b>199,976,502</b>	<b>185,007,366</b>

**NOTE NO. 5 : CASH AND CASH EQUIVALENTS**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	84,572,999	39,932,919
	2) Bank deposits with less than 12 months maturity	8,288,115	13,101,639
	b) Cash on hand	24,254	37,949
	<b>Total Cash and Cash Equivalents</b>	<b>92,885,368</b>	<b>53,072,507</b>

**NOTE NO. 6 : LOANS -CURRENT**

		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>Unsecured, Considered Good</b>		
	Loans and Advances to Employees	5,079,734	4,457,646
	Prepaid Expenses	7,834,390	13,229,209
	Advance for Expenses	1,489,523	1,295,994
	GST Input Credit	45,073,363	29,842,174
	Advance Tax and TDS Receivable	58,402,903	64,362,580
	Other Advances	14,087,543	48,311,008
	<b>Total Loans -Current</b>	<b>131,967,456</b>	<b>161,498,610</b>

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

		As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Interest Accrued on Deposits	2,693,552	2,869,428
	Other Current Assets	6,439,366	2,478,357
	<b>Total Other Current Assets</b>	<b>9,132,918</b>	<b>5,347,785</b>

**CES LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2019**

**NOTE NO. 8 : EQUITY SHARE CAPITAL**

S.No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Equity Share Capital		
	(a) Authorised		
	(3,65,00,000 Shares of 10/- each Current Year )	-	-
	(2,01,00,000 Shares of 10/- each Previous Year )	365,000,000	201,000,000
		<b>365,000,000</b>	<b>201,000,000</b>
	(b) Issued		
	[3,64,00,000 Shares of 10/- each Current Year (of which 3,51,00,000 shares of 10/- each issued by way of bonus shares)]	-	-
II	(13,00,000 Shares of 10/- each Previous Year )	364,000,000	13,000,000
	(c) Subscribed & Fully Paid Up		
	[3,64,00,000 Shares of 10/- each Current Year (of which 3,51,00,000 shares of 10/- each issued by way of bonus shares)].	-	-
	(13,00,000 Shares of 10/- each Previous Year )	364,000,000	13,000,000
	<b>Total Equity Share capital</b>	<b>364,000,000</b>	<b>13,000,000</b>
	<b><u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u></b>		
	<b>Equity Shares of Rs.10Each, Fully paid up</b>		
III	At the Beginning	1,300,000	1,300,000
	Issued during the year -Bonus Shares	35,100,000	-
	At the end	<b>36,400,000</b>	<b>1,300,000</b>
	<b><u>Details of Shareholder holding more than 5% shares of the company:</u></b>		
	<b>Equity Shares of Rs. 10 each Held By</b>		
	Ram Kancharla - 10,280,200 Shares (C.Y ) ..... 367,150 Shares ( P.Y)	28.24	28.24
	Venkateswara Rao.D - 8,838,200 Shares (C.Y ) ..... 315,650 Shares ( P.Y)	24.28	24.28
	Pokuri Swarnalatha - 3,165,120 Shares (C.Y ) ..... 113,040 Shares ( P.Y)	8.70	8.70
	M.Babu Rao - 2,010,400 Shares (C.Y ) ..... 71,800 Shares ( P.Y)	5.52	5.52

**NOTE NO. 9 : OTHER EQUITY**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>RESERVES AND SURPLUS</b>		
	a) General Reserves		
	As at the commencement of the year	45,688,367	45,688,367
	Less: Transferred towards depreciation under Companies Act 2013	-	-
		<b>45,688,367</b>	<b>45,688,367</b>
	b) Capital Reserve (Sharewarrants forfeited)	87,000,000	<b>87,000,000</b>
	c) Retained Earnings :		
	i) Opening Balance - Profit and Loss Account	434,572,418	385,451,628
	Add: Transfer from Profit & Loss Account	38,070,525	49,120,790
	Less: Transfer for issue of Bonus Shares	351,000,000	-
		<b>208,642,943</b>	<b>434,572,418</b>
		-	-
	<b>Total Other Equity</b>	<b>254,331,310</b>	<b>567,260,785</b>

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

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	<b>Term Loans:</b>		
	a) Term Loans from Banks :		
	- Mortgage Loan from Indus Ind Bank (Secured against mortgage of Land and Building with the Bank)	4,212,143	12,597,141
	- Mortgage Loan from ICICI Bank (Secured against mortgage of Land and Building with the Bank)	-	75,496,513
	- Vehicle Loan from Bank of India (Secured Against Hypothecation of Car with the Bank)	-	181,259
	b) Other Loans	-	-
	<b>Total Borrowings-Non Current</b>	<b>4,212,143</b>	<b>88,274,913</b>

**NOTE NO. 11 : PROVISIONS**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	- Provision for Gratuity	24,145,455	16,959,520
	<b>Total Provisions</b>	<b>24,145,455</b>	<b>16,959,520</b>

**NOTE NO. 12: DEFERRED TAX LIABILITY ( NET )**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Opening Deferred tax Liability	11,684,161	10,058,293
	Add:		
	Deferred Tax Liability for the year	15,515,184	1,625,868
	<b>Gross Deferred tax Liability</b>	<b>27,199,345</b>	<b>11,684,161</b>
	Opening Deferred tax Asset	8,676,433	8,676,433
	Provision for Gratuity and Compensated Absences	-	-
	<b>Gross Deferred tax Asset</b>	<b>8,676,433</b>	<b>8,676,433</b>
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>18,522,912</b>	<b>3,007,728</b>

**NOTE NO. 13 : TRADE PAYABLES**

S. No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Trade Payables	37,067,365	30,697,279
	<b>Total Trade Payables</b>	<b>37,067,365</b>	<b>30,697,279</b>

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

S.No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	Current Maturities of Long Term Loans	9,676,192	29,466,395
II	Statutory Liabilities		
	TDS Payable	4,824,735	1,522,762
	Swacha Bharat Cess Payable	-	(10,993)
	GST Payable	66,566	130,111
	Professional Tax Payable	117,208	105,249
III	Other Liabilities	237,834,458	53,267,205
IV	Loan from related parties	-	90,753,954
	<b>Total Other Current Liabilites</b>	<b>252,519,159</b>	<b>175,234,684</b>

**NOTE NO. 15 : PROVISIONS**

S.No.	Particulars	As on 31-03-2019	As on 31-03-2018
		(Rs.)	(Rs.)
I	a) Provisions for employee benefits		
	Salaries Payable	4,649,938	23,970,161
	ESI Payable	152,767	134,461
	PF Payable	1,619,042	1,407,377
		<b>6,421,747</b>	<b>25,511,999</b>
	b) Others		
	Provision for Income Tax	19,700,000	21,904,000
	Consultancy Charges Payable	26,779,697	11,850,300
	Audit Fee Payable	623,250	623,250
	Other Provisions	2,436,495	2,243,000
		<b>49,539,442</b>	<b>36,620,550</b>
	<b>Total Provisions</b>	<b>55,961,189</b>	<b>62,132,549</b>

**CES LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2019**

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

S.No.	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
(I)	Revenue from operations		
	(a) Sale of Services		
	Domestic Sales	70,805	-
	Export Sales	999,729,620	744,230,801
	<b>Total Revenue from Operations</b>	<b>999,800,425</b>	<b>744,230,801</b>

**NOTE NO. 17 : OTHER INCOME**

S.No.	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
I	(a) Interest income	741,381	1,237,767
	(b) Rental Income	21,809,138	-
	(c) Other Income	31,900	-
	<b>Total Other Income</b>	<b>22,582,419</b>	<b>1,237,767</b>

**NOTE NO. 18 : EMPLOYEE BENEFITS EXPENSE**

S.No.	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
I	(a) Salaries & Wages	543,925,923	446,148,591
	(b) Contribution to Provident & Other Funds	11,109,495	9,993,093
	(c) Staff Welfare Expenses	12,357,844	9,975,430
	<b>Total Employee Benefit Expenses</b>	<b>567,393,263</b>	<b>466,117,114</b>

**NOTE NO. 19 : FINANCE COSTS**

S.No.	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
I	(a) Interest Expenses		
	- Interest on Vehicle Loan	34,335	46,606
	- Interest on Term Loan	4,127,234	6,339,440
	<b>Total Finance Cost</b>	<b>4,161,569</b>	<b>6,386,046</b>

**NOTE NO. 20 : OTHER EXPENSES**

S.No.	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
		(Rs.)	(Rs.)
<b>I</b>	(a) Electricity Charges	14,972,808	10,671,298
	(b) Rent	13,864,197	10,225,040
	(c) Repairs to Buildings and Equipments	424,752	1,655,051
	(d) Insurance	8,889,998	9,045,858
	(a) Telephone, Postage and Others	9,485,144	8,680,318
	(b) Advertisement Expenses	53,180	31,615
	(c) Conveyance & Travelling Expenses	30,477,195	36,772,322
	(d) CSR Expenditure	2,264,000	2,243,000
	(e) Office Maintenance	14,810,769	12,061,838
	(f) Printing & Stationery Expenses/Subscriptions	4,214,266	1,877,023
	(g) Security Charges	3,320,560	2,573,210
	(h) Rates & Taxes (excluding Income Tax)	6,771,776	3,411,764
	(i) Computer Hire Charges	9,692,207	8,752,929
	(j) Professional and Consultancy fee	24,955,552	13,231,095
	(k) Job Portal Expenses	11,961,359	3,973,786
	(l) Outside Consultancy Fees	168,586,810	38,245,826
	(k) Bank Charges	1,362,477	1,039,172
	(l) Expected Credit Losses	-	31,014
	(m) Exchange (gain)/Loss	9,808,090	7,630,459
	(n) Taxes of earlier Years	-	1,399,591
	(o) Donation	-	400,000
	(p) Payment to Auditors:		
	(i) As Auditor	300,000	300,000
	<b>Total Other Expenses</b>	<b>336,215,140</b>	<b>174,252,209</b>

## **SIGNIFICANT ACCOUNTING POLICIES**

### **21. Company overview**

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

### **22. Significant accounting policies**

#### **22.1 Basis of preparation of financial statements**

(i) Compliance with Ind AS

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

(ii) Historical Cost Convention.

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

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

#### **22.2 Use of estimates**

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

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

#### **22.3 Revenue recognition**

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

engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

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

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

## **22.4 Fixed Assets**

### **Tangible assets**

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

### **Intangible assets**

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

### **Depreciation**

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

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

## **22.5 Foreign Currency transactions and translation**

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

## **22.6 Taxes on Income**

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

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

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

## **22.7 Earnings per share**

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

## **22.8 Retirement benefits to employees**

### **Gratuity**

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

### **Provident Fund/ESI**

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

## **22.9 Impairment of assets**

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

impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

## **22.10 Segment Accounting Policies**

### **(a) Segment Assets and Liabilities:**

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

### **(b) Segment Revenue and Expense:**

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

## **22.11 Provision and Contingent liabilities**

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

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019:**

### **23. Expenditure in foreign currency:**

	<b>Year Ended 31.03.2019(Rs)</b>	<b>Year Ended 31.03.2018(Rs)</b>
Foreign travelling	<b>85,90,725/-</b>	<b>1,23,25,330/-</b>
Earning in foreign exchange as reported by the Company to Government of India and as certified by the management		
	<b>Year Ended 31.03.2019(Rs)</b>	<b>Year Ended 31.03.2018(Rs)</b>
Foreign exchange inflow	<b>99,97,29,620/-</b>	<b>74,42,30,801/-</b>

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

**25. Related Party Transactions:**

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

S.No	Name of the Related Party	Nature of Relation	Nature of Transaction	2018-19	2017-18
1	CES USA Inc.	Common directors	Services rendered	-	Rs.1,02,50,254/-
2	CES Information Technologies Pvt. Ltd.	Common directors	Services rendered	Rs. 22,50,000/-	-
3	CES Global IT Solutions Pvt. Limited.	Common directors	Services rendered	Rs. 96,00,000/-	Rs.29,81,760/-
4	CES Technology Services Pvt. Ltd.	Common directors	Services rendered	Rs. 24,00,000/-	Rs.23,91,149/-
5	Mr.Mohana Rao Kancharla	Director	Remuneration	Rs. 12,94,000/-	Rs. 7,31,000/-
6	Mr.Benarji Mallampati	CFO	Remuneration	Rs. 20,13,000/-	Rs. 16,27,000/-
7	Mr.Surya Prakash M	Company Secretary	Remuneration	Rs. 10,32,000/-	Rs. 8,11,000/-

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

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

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

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

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March 2019</b>	<b>IT Services</b>	<b>IT Enabled Services</b>	<b>Total</b>
Revenues	1,447.45	8,550.55	9,998.00
Direct Expenses	938.85	4,735.08	5,673.93
<b>Gross Income</b>			<b>4,324.07</b>
Less: Un-allocated Expenses			3,720.53
<b>Add: Interest Income</b>			<b>225.82</b>
<b>Net Profit Before Taxes</b>			<b>829.36</b>
Income Taxes			352.15
<b>Net Profit After Taxes</b>			<b>477.21</b>

**GEOGRAPHICAL SEGMENTS:**

<b>Profit and Loss Statements for the year ended 31<sup>st</sup> March 2019.</b>	<b>USA</b>	<b>DOMESTIC</b>	<b>Total</b>
Revenues	9,997.29	0.71	9,998.00
Direct Expenses	5,673.53	0.40	5,673.93
<b>Gross Income</b>			<b>4,324.07</b>
Less: Un-allocated Expenses			3,720.53
<b>Add: Interest Income</b>			<b>225.82</b>
<b>Net Profit Before Taxes</b>			<b>829.36</b>
Income Taxes			352.15
<b>Net Profit After Taxes</b>			<b>477.21</b>

**27.** Calculation of EPS as per Ind AS -33 for the year ending 31<sup>st</sup> March, 2019.

	<b><u>Rs.</u></b>
Profit available to the equity shareholders	4,77,20,518/-
Weighted average number of shares outstanding	3,64,00,000/-
Basic Earnings per Share	1.31
Diluted Earnings per Share	1.31

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

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

**SIGNATURE TO NOTES 1 To 29**

**As per our report of even date  
For P 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**

**Place: Hyderabad  
Date: 27<sup>th</sup> May, 2019.**

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

**Sd/-  
Surya Praksh Mungelkar  
Company Secretary**



**CES LIMITED**

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

**Proxy form**

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

**CIN:** L55100TG1985PLC045963

**Name of the company:** CES LIMITED

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

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

Registered Address:.....

E-mail Id: .....

Folio No/ Client Id: .....

DP ID:

.....

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

1. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

3. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual general meeting of the company, to be held on the Monday, 30th Day of September 2019, 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
<b>Ordinary Business</b>	
1.	To consider and adopt standalone financial statements for the period ended as on 31 <sup>st</sup> March 2019.
2.	To consider and adopt consolidated financial statements for the period ended as on 31 <sup>st</sup> March 2019.
3.	To reappoint Mr. Sai Krishna Kancharla (07775575) who retires by rotation and being eligible, offers herself for re-appointment.
<b>Special Business</b>	
4.	To appoint Shri Mohana Rao Kancharla (00004288), Whole Time Director of the company
5.	To Re-appoint Mr.Duruvasan R (00223052) as Independent Director.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

Affix Revenue Stamp



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

#### Note:

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

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



**CES Limited**

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

[www.cesltd.com](http://www.cesltd.com)