



CSS TECHNERGY LIMITED

ANNUAL REPORT 2013 - 2014

CONTENTS

Corporate Information	2
Notice	3
Directors' Report	15
Report on Corporate Governance	20
Management Discussion & Analysis Report	32
Auditor's Report	40
Balance Sheet	45
Profit & Loss Account	46
Cash Flow Statement	47
Schedules	48
Attendance Slip	64
Proxy Form	66
Ballot Form	68

Corporate Information

Board of Directors	:	Mr Ravi Vishnu, Managing Director Mr Bhopal Reddy, Whole-time Director Mr. D. Vikram Reddy , Director Mr R. Radha Krishna Murthy, Director Mr T. Venkateswara Prasad, Director Mr T.Krishna Rao, Director Wg.Cdr. V.L.Nanda Kumar, Director Mr. V. Siva Rama Krishna Murthy, Director
Company Secretary	:	Mr. Aravind Aitipamula
Registered Office	:	6-1-85/10, Opp Telephone Bhavan Saifabad, HYDERABAD – 500 004 Tel : +91-40-23230305,23230306 Fax : +91-40-23230313
Auditors	:	M/s. Rambabu & Co., 6-3-1090/1/A, Pancom Chambers, Raj Bhavan Road, HYDERABAD – 500 082, India.
Bankers	:	State Bank of India, Balanagar Branch, HYDERABAD – 500 037, India
Registrar & Share Transfer Agent	:	M/s. XL Softech Systems Limited, 3, Sagar Soccity, Road No.2 Banjara Hills, Hyderabad – 500 034, India. Tel : +91-40-23545913, 23545914 Fax : +91-40-23553214.

NOTICE

Notice is hereby given that the **20th** Annual General Meeting of the members of the Company will be held on **Tuesday the 30th day of September 2014 at 10.00 am at, Film Nagar Cultural Centre, Dr. D Ramanaidu Building, Road No: 6, Jubilee Hills, Hyderabad 500 033** to transact the following items of Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt, the audited statement of profit and loss for the financial year ended on 31st March 2014 and the balance sheet as at that date and the reports of the board of directors and auditors thereon.
2. To appoint Director in place of Mr. D. Vikram Reddy (DIN : 01356778) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary resolution.

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Rambabu & Co., Chartered Accountants (ICAI Reg. No.002976S), who retire at the conclusion of this Annual General Meeting (AGM), be and are hereby appointed as statutory auditors of the company for a period of 5 years, i.e., till the conclusion of the AGM of the company to be held in the year 2019 (subject to ratification of their appointment at every AGM), at such remuneration, as may be mutually agreed between the board of directors of the company and the auditors.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. T.V.Prasad (DIN: 00008136), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 30th September 2014 to 29th September 2019, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. T.Krishna Rao (DIN: 01806780), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 30th September 2014 to 29th September 2019, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Wg.Cdr. V.L.Nanda Kumar (DIN: 01822434), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 30th September 2014 to 29th September 2019, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. V.Sivarama Krishnamurthy (DIN: 03642007), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 30th September 2014 to 29th September 2019, not liable to retire by rotation.”

8. To consider and, if thought fit, to pass with or without the modifications, the following resolution as Special Resolution:

RESOLVED FURTHER THAT pursuant to the provisions of Sections 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Schedule V (as amended from time to time) to the said Act, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the members be and is

hereby accorded for the appointment of Mr. A.Bhopal Reddy (DIN: 01119839) as Whole Time Director of the Company for a period of five years with effect from 7th August 2014 subject to liable to retire by rotation at a remuneration as detailed below:

I. Basic salary

Basic salary shall be Rs. 1,60,000 (Rupees One Lakhs Sixty Thousand only) per month and the same (along with the allowances and perquisites mentioned below) may be revised on time scale basis by the Board of Directors based on the recommendation of the Remuneration Committee of the Company, considering industry trends.

II. Allowances & Perquisites

In addition to the above salary, he shall be entitled to the following allowances and perquisites. The allowances and perquisites shall be valued as per the actual expenditure incurred by the Company.

House Rent Allowance up to 50 % of the basic salary or an amount up to 50 % of the basic salary in lieu of House Rent Allowance or Rent Free Accommodation.

Reimbursement of Medical expenses actually incurred for self and his family.

Leave travel concession for self and his family once in a year in accordance with the rules of the Company.

Reimbursement of club expenditure for maximum of two Clubs.

The following perquisites shall not be included in the computation of the remuneration:

Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at rate not exceeding half a month's salary for each completed year of service.

Leave encashment at the end of tenure.

In addition to the above he shall be provided, free of cost, with the following, for official purpose:

Use of Company's car.

Communication facility at his residence.

III. Overall Remuneration

That the total remuneration (i.e., salary, perquisites, commission and allowances) in any one financial year shall not exceed the limits prescribed from time to time under sections 196, 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may for the time being, be in force and any amendments thereto. In case of any doubt / discrepancy /clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of remuneration committee of directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. A.Bhopal Reddy and accepted by the remuneration committee.

IV. Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed by Schedule V to the Act, including any statutory modifications or re-enactment thereof, as may, for the time being, be in force.

V. Termination

Six months' notice shall be required, on either side for termination of service."

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

9. To consider and, if thought fit, to pass with or without the modifications, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) of the Companies Act 2013, the Rules made thereunder and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or reenactment thereof) the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source/countries as prescribed by guidelines, if any in this respect) from any one or more Company's bankers and/or from any one or more persons, firms, bodies corporate, financial institutions, banks or other acceptable source whether by way of advances, deposits, loans, debentures, bonds or other securities, whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 15 crores (Rupees fifteen crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

10. To consider and, if thought fit, to pass with or without the modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013, the Rules made thereunder and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification on or amendment thereto or reenactment thereof for the time being in force) the Company hereby accords its consent to the Board of Directors (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for time being, to exercise its powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purpose) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and/or Indian rupee) and/or working capital facilities and/or Securities issued/to be issued by the Company, from time to time, up to an amount of Rs.15 Crore (Rupees fifteen crores only) together with interests, compound/additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized and empowered to enter into, sign, seal, execute and deliver such arrangements, assignments, conveyances, covenants, contracts, deeds, writings and other instruments and to do all such acts, deeds, matters and things in the name and on behalf of the Company as the Board may consider expedient, usual, proper or desirable for creating mortgages/charges/hypothecation on all or any of the immoveable and moveable properties of the Company, both present and future, which may be beneficial to the Company.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects.”

BY ORDER OF THE BOARD OF DIRECTORS

-Sd-

Ravi Vishnu
Managing Director

Place: HYDERABAD
Date : 07.08.2014

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member. The proxy form (available elsewhere in the annual report) should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the AGM. A person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Registers of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2014 to 30th September, 2014 (Both days inclusive).
3. An Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013(Act), is annexed hereto for the item Nos. 4 to 10.
4. The shareholders desiring any further information as regards the accounts and operations of the Company are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or the Company's Registrar and Transfer Agent for assistance in this regard.
6. The shares of the company are listed at Bangalore Stock Exchange Limited and permitted to trade in the Indo-next segment of BSE LIMITED. The Annual listing fee has been paid within the time.
7. The members are requested to bring their copies of Annual report with them at the time of attending Annual General Meeting.
8. Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of the Director	Date of Birth	Date of appointment	Qualification	Expertise	Other Directorships	Chairmanship/ Membership of Committees of other Companies	Shareholding in the Company
Mr. D Vikram Reddy	08.09.1960	31.10.2011	M.E.	More than 30 years of experience in the IT Inductees	Ishaan Ventures (P) Ltd.	NIL	7,40,500
Mr. T Venkateswar Prasad	04.01.1960	27.07.2005	Chartered Accountant	More than 27 years of experience in the lines of financial management, accounting and systems development	1. A J Packaging Ltd., 2. A J Cans Private Ltd.	NIL	NIL
Mr. T Krishna Rao	15.10.1939	27.07.2005	B.E., F.I.E.	More than 40 years of experience in Power Generation & Transmission	NIL	NIL	NIL
Wg. Cdr. V L Nanda Kumar	01.11.1941	27.07.2005	B.E. (Mech); M.E.(Aero); F.I.E., C.Eng(I)	More than 28 years of distinguished service in the Indian Air Force.	NIL	NIL	NIL
Mr. V Sivarama Krishna Murthy	28.12.1947	31.10.2011	B.Tech	More than 35 years experience in Power Sector	NIL	NIL	NIL
Mr. A. Boopal Reddy	15.06.1962	01.01.1998	M.Sc.	More than 30 years of experience in the IT Inductees	NIL	NIL	4,81,800

9. Relevant documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.
10. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company has made arrangement for providing the facility to vote at the AGM by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.
- 10A The instructions for members for voting electronically are as under:-**

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "CSS TECHNERGY LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ❖ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ❖ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</p>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for “CSS TECHNERGY LIMITED” on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - ❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - ❖ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - ❖ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - ❖ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ❖ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

GENERAL INSTRUCTIONS :

- (A) In case of members receiving the physical copy please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 24-09-14, 10 am and ends on 26-09-14, 6 pm . During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29-08-14, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

10 B Voting through Ballot

- i. A Ballot form is provided (annexed to this annual report) for the benefit of the members who do not have access to e-voting facility to enable them to send their assent or dissent by post.
- ii. Ballot form duly filled should reach the Company before the end of business hours on 27th September 2014.
- iii. The scrutinizer shall decide validity of the ballot form.

The scrutinizer shall collate the votes downloaded from the e-voting and votes received through physical ballot, to declare the final result for each of the resolutions forming part of the AGM notice

11. The Company has appointed Mr.Devendra Sharma, Practicing Company Secretary as scrutinizer who will scrutinize the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of two working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, to the Chairman of the Company. The Company has appointed XL Softech Systems Limited (XL Softech) as the Agency for the purpose of facilitating the electronic voting.
12. The Results of the voting shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.csstechnergy.com and on the website of XL Softech within two (2) days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item 4 to 7

The company had appointed Mr. T.V.Prasad, Mr.T.Krishna Rao, Wg.Cdr. V.L.Nanda Kumar and Mr. V.Sivarama Krishnamurthy as Independent Directors at various times, in compliance with the requirement of the Clause 49 of the Listing Agreement and the erstwhile provisions of the Companies Act, 1956.

The provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement inter-alia stipulate the conditions for appointment of Independent Directors by a Listed Company. Mr. T.V.Prasad, Mr.T.Krishna Rao, Wg.Cdr. V.L.Nanda Kumar and Mr. V.Sivarama Krishnamurthy are not disqualified from being appointed as Directors in terms of the Section 164 of the Act and have given their consent to act as Independent Directors of the Company. Further they have also given declarations to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, each of these directors fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as independent directors and they are independent of the management.

Brief resume of the proposed independent directors including their expertise in specific functional areas, qualification, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding inter-se as stipulated under clause 49 of the Listing agreement with the stock exchanges are provided in the annexure to this notice.

The copy of the draft letter of appointment setting out the terms and conditions of appointment of the above Directors shall be open for inspection by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointments, are concerned or interested, financially or otherwise, in these resolutions. The Board recommends the

Ordinary Resolutions as set out at item no. 4 to 7 for approval of the Members.

Item No. 8

Mr. A.Bhopal Reddy has been appointed as the Whole Time Director of the company with effect from 7th August 2014 for a period of five years by the Board of Directors of the company upon the recommendation of the nominations committee of directors and subject to the approval of the shareholders of the company. The said appointment and remuneration are within the stipulations of Sections 196, 197, 203 of the Act and Schedule V thereto. These provisions also stipulate that in case of inadequacy of profits or loss, remuneration can be paid provided approval of members is sought obtained and conditions mentioned in Schedule V are satisfied. Except Mr. A.Bhopal Reddy and his relatives, none of the Directors or Key Managerial Personnel (KMP) or relatives of other directors and KMP is concerned or interested in the Resolution at Item No.8 of the accompanying Notice.

Your Directors recommend the special resolution for your approval.

Information as per Part II Section II of Schedule V of the Companies Act, 2013 for Item No.8

I. General Information

(1) Nature of Industry:

The Company is engaged in the business of providing IT and IT enabled services.

(2) Date of Commencement of Commercial Production: 25th April 1994

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

(4) Financial Performance based on given indicators: (₹ In Lakh)

Rs. In Lakhs

Particulars	31.03.2014	31.03.2013
Total Revenue	1,250.44	2,403.38
Less: Expenditure	1,125.61	4,112.10
Less: Exceptional Items	-	(134.02)
Profit before Tax	124.83	(1,574.70)
Less : provision for income Tax	-	-
Less: Provision for Deferred Tax (Current Year)	42.76	10.14
Net Profit	82.07	(1,584.84)
Earning Per Share	1.19	(24.46)

(5) Foreign investments or collaborations, if any:

There is no direct foreign investment in the company except to the extent shares held by Foreign Institutional Investors (FII) acquired through secondary market. There is no foreign collaboration in the Company.

II. Information about the appointee:

(1) Mr.A.Bhopal Reddy has been contributing significantly to the growth of the business of the Company. He oversees overall operations of the Company.

- (2) The proposed remuneration is at par with the prevailing remuneration in the industry of similar size for similarly placed persons.
- (3) He is a shareholder in the Company and he has no pecuniary relationship with other director or managerial personnel of the company.
- (4) All other details as prescribed by Part II of Schedule V concerning the appointee can be found in the AGM notice, explanatory statement and report of corporate governance.

III. Other Information:

(1) Reasons of loss or inadequate profits:

- General economic slowdown in the country at large.
- Excessive competition which causes shrinkage of profit margin.

(2) Steps taken or proposed to be taken for improvement:

- Exploring of new business segments.
- Strategic business alliances

(3) Expected increase in productivity and profits in measurable terms:

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario of the economy to predict profits in measurable terms.

IV. Disclosures:

The remuneration package of all the managerial persons is given in the respective resolutions. Other information are provided under Report on Corporate Governance.

Item No. 9 & 10

As per section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting by way of special resolution, borrow monies, apart from temporary loans obtained from the Company's Bankers in ordinary course of business, in excess of the aggregate of paid up share capital and free reserves. In view of the potential business operations, the Company may have to borrow amounts exceeding the said limits. The consent of the members is therefore sought under the provisions of Section 180(1)(c) of the Companies Act, 2013 to enable the Board of Directors for borrowing to the extent of Rs. 15 crores. In connection with the borrowings the Company may need to mortgage and/or hypothecate its properties to the banks and financial institutions. Section 180(1)(a) of the Companies Act, 2013 provides that the Board of Directors of a Company cannot, without the consent of the Company in General Meeting by way of special resolution, sell, lease, mortgage, create a charge or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since the assets of the Company are charged or to be charged in connection with the borrowings, the resolution as stated in the notice is placed for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions.

BY ORDER OF THE BOARD OF DIRECTORS

-Sd-

Ravi Vishnu
Managing Director

Place: HYDERABAD
Date : 07.08.2014

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts for the Financial Year ended 31st March 2014.

Financial Results

Your Company has been able to generate total revenue of Rs. 1,250.44 Lakhs during the financial year under review as against a total income of Rs. 2,403.38 Lakhs during the previous financial year despite the fact that the industry has been struggling due to over all economic slowdown. Brief Financials are as follows:

Rs. In Lakhs		
Particulars	31.03.2014	31.03.2013
Total Revenue	1,250.44	2,403.38
Less: Expenditure	1,125.61	4,112.10
Less: Exceptional Items	-	(134.02)
Profit before Tax	124.83	(1,574.70)
Less : provision for income Tax	-	-
Less: Provision for Deferred Tax (Current Year)	42.76	10.14
Net Profit	82.07	(1,584.84)
Earning Per Share	1.19	(24.46)

Business Performance Review:

The Company has achieved a turnover of Rs. 1,246.76 Lakhs and Net Profit of Rs. 82.07 Lakhs as against Rs. 2,392.41 Lakhs and Rs.(1,584.84) Lakhs in the previous year respectively.

Future Outlook:

Your Board of Directors has taken various initiatives to overcome the competition by adopting various strategies that helped your Company to bag various orders. This will pave a way for better visibility and higher revenues and profitability for the Company in coming financial years. Further, The Company is also taking measures to keep the operating costs low wherever possible.

Preferential Issue

The Company had obtained approval of shareholders in its extra ordinary general meeting held on 22nd December 2012 to issue and allot upto 10,23,460 equity shares and/or warrants to the persons in promoter group. Pursuant to the approval the Company had allotted 10,23,460 warrants convertible into equity shares to the persons in the promoter group in the board meeting held on 4th January 2013. Out of these warrants 9,45,000

warrants have been converted into equity shares and trading permission in respect of such shares has also been obtained from stock exchanges. Balance 78,460 warrants also have been converted into equity shares during the FY 2014-15 and in respect of which trading permission is awaited as on the date of this report.

Dividend

Due to inadequacy of profits and in order to conserve resources, Your Directors have not recommended any dividend for the year under review.

Capital Expenditure:

During the year under review the company has made Capital Expenditure of Rs. 64,02,941/-.

Fixed Deposits:

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet for the year ended on 31st March 2014.

ISO 9001-2008 Certification

Your Company continues to hold ISO 9001-2008 Certification by complying with all the requirements of Certification from time to time.

Directors

During the year under review Mr. D. Vikram Reddy, retires by rotation and being eligible offer himself for re appointment. Mr. T. Venkateswar Prasad, Mr. T. Krishna Rao, Wg. Cdr V L Nanda Kumar, Mr. V. Siva Rama Krishna Murthy and Mr. A Bhopal Reddy, Directors of your Company, are re-appointed during the year further details on this item can be found in AGM Notice.

Auditors

M/s. Rambabu & Co, Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Rambabu & Co as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the AGM to be held in the year 2019, subject to ratification of their appointment at every AGM.

Human Resources

Your Company believes that Competent Human Resources are the driving force for any Organization that enables a Company to grow in leaps and bounds. The Company has been able to create a favourable work environment that encourages continuous learning

and thereby leading to innovation. With vibrant work atmosphere, your Company has put in place a Scalable Recruitment and Human Resources Plan, devised to attract and retain high caliber personnel.

CSS Technergy Limited has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. The Company recognized the value of the committed workers and efforts are being made to enhance the bonding between the Company and the committed employees.

Directors Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended on 31st March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applies them consistently and made judgments and estimates that were reasonable and prudent 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 or loss of the Company for the year under review;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts for the financial year ended 31st March 2014 on a 'going concern' basis.

Management Discussion and Analysis Report

Management Discussion and Analysis Report is provided as Annexure to Directors' Report.

Corporate Governance

Pursuant to the Clause 49 of the Listing Agreement entered with the stock exchanges, the Company has complied with all the provisions of Corporate Governance and a detailed note in this regard is provided as Annexure along with a Certificate of Corporate Governance from Practicing Company Secretary.

Statutory Disclosures

The particulars as prescribed under sub-section [1] [e] of Section 217 of the Companies Act, 1956 read with the Companies [Disclosure of particulars in report of Board of Directors] Rules, 1988, are set out hereunder:

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and outgo

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forming part of Directors' report in terms of section 217 (1)(e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is as follows:

Conservation of Energy

The operations of your Company are not Energy intensive. The Company makes every effort to conserve energy as far as possible in its facilities. The Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

Technology Absorption

Your Company did not invest in any R&D activity during the year under consideration. However, the up gradation of the technology in vogue is being given highest priority to give a better service to the clientele.

Foreign Exchange Earnings and Outgo Particulars:

Particulars	2013-2014 (Rs.)	2012-2013 (Rs.)
Foreign Exchange Earnings	NIL	15,31,755
Foreign Exchange Outgo	NIL	NIL

Particulars of Employees

There is no employee drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975 as amended, during the year under review.

Managing Director/CEO's DECLARATION

Pursuant to the provisions of clause 49(I)(D)(ii) of the Listing Agreement, a declaration by the Chairman and Managing Director of the company declaring that all the members of the Board and the senior management personnel of the company have affirmed compliance with the Code of Conduct of the company enclosed as Annexure. The CEO/CFO certification to the board pursuant to clause 49(V) of the listing agreement is enclosed as Annexure.

Acknowledgment

Your Directors extend their gratitude to the valuable customers, investors, Bankers, Central and State Government officers, agencies for the confidence, which they have

reposed in the Management.

We place on record our appreciation of the contribution made by employees at all levels. Our consistent performance was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors

Place: HYDERABAD
Date : 07.08.2014

-Sd-
Ravi Vishnu
Managing Director

-Sd-
A. Bhopal Reddy
Whole-Time Director

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the listing agreement)

The Company's shares were listed on Bangalore Stock Exchange Limited and permitted for trading in Indo-Next segment of the Bombay Stock Exchange Limited. The Corporate Governance Report has been prepared in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company believes that good corporate governance ensures that we engage in open and democratic process and are held accountable for our business decisions. This is vital to gain and retain investor trust. We also believe that corporate governance norms and processes ensure effective engagement with changing business environment. The Company considers it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as governance of the Company.

The Company has complied with the requirements of the Corporate Governance code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

2. BOARD OF DIRECTORS

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Eight (8) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Four (4) are Non-Executive Independent Directors. The Board comprises 50% of Independent Directors out of the total Directors.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

During the year under review five Board Meetings were held on 30.05.2013, 14.08.2013, 11.11.2013 and 14.02.2014. The maximum gap between two consecutive meetings did not exceed four months. The details of directors and the meetings held are as follows:

Sl. No.	Name of the Director	No. of Board Meetings attended	Attendance at the last AGM	Membership as on 31st March 2014	
				Other Boards #	Other Committees\$
1.	Ravi Vishnu	3	Yes	1	1
2.	A. Bhopal Reddy	4	Yes	NIL	NIL
3.	D. Vikram Reddy	NIL	No	NIL	NIL
4.	R. Radha Krishna Murthy	4	Yes	1	1
5.	T. Venkateswara Prasad	4	Yes	1	2
6.	T. Krishna Rao	4	Yes	NIL	2
7.	Wg.Cdr. V.L.Nanda Kumar	4	Yes	NIL	2
8.	V. Sivarama Krishna Murthy	4	No	NIL	NIL

Excluding Directorship in Foreign and Private Limited Companies.

\$ Only Membership of Audit and Investor Grievances Committees are considered

1. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

Sl. No.	Name of the Director	Category	No. of meetings held during the tenure of member	No. of meetings attended
1	T. Venkateswara Prasad	Chairman	4	4
2	T. Krishna Rao	Member	4	4
3	Wg. Cdr. V.L.Nanda Kumar	Member	4	4

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Head of the Finance Department and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following date's 30.05.2013, 14.08.2013, 11.11.2013 and 14.02.2014. The gap between two audit Committee meetings was not more than four months.

B. NOMINATION & REMUNERATION COMMITTEE

The Remuneration Committee comprises of Three (3) Non-Executive Independent Directors. The composition of the Remuneration Committee is as follows:

S.No	Name of the Director	Category
1	T. Venkateswara Prasad	Chairman
2	T. Krishna Rao	Member
3	Wg.Cdr. V.L.Nanda Kumar	Member

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and commission paid during the year to the Managing Director and Whole-time Director are as follows:

(Amount in Rupees)

Description of Amount	Mr.Ravi Vishnu Managing Director	A.Bhopal Reddy Whole-time Director
Basic Salary	19,20,000	19,20,000
House Rent Allowances	9,60,000	9,60,000
Medical Expenses	2,07,837	5,803
Other Allowances	2,500	2,500
Perquisites	10,620	10,620
Total	31,00,957	28,98,923

Apart from the above, they are also eligible for the Leave encashment, Leave Travel Concession, Gratuity and other benefits in terms of their appointment and rules of the Company.

Compensation paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Sitting fees paid Rs.	No. of shares held on 31-03-2014
T. Venkateswara Prasad	4,000	Nil
T. Krishna Rao	4,000	Nil
Wg Cdr V.L.Nanda Kumar	4,000	Nil
Ravi Radha Krishna Murthy	NIL	5,41,100
D. Vikram Reddy	NIL	7,40,500
V. Sivarama KrishnaMurthy	4,000	Nil

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

C. SHARE TRANSFER / STAKEHOLDERS' RELATIONSHIP COMMITTEE

The present composition of the Shareholders'/ Investors' Grievances Committee is as under:

Name of the Director	Nature of Directorship	Membership
R. Radha Krishna Murthy	Non-Executive	Chairman
Ravi Vishnu	Executive	Member

This Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investors' complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31st March, 2014.

D. GENERAL BODY MEETINGS

I) The Details of the last three Annual General Meetings are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31st, 2013	30th September, 2013	Film Nagar Cultural Center Dr. D. Ramanaidu Building, Road No. 6, Film Nagar, Jubilee Hills, Hyderabad.	10:00 AM	NIL
March 31st, 2012	28th September, 2012	Jubilee Hills International Centre, Jubilee Hills, Hyderabad-500 033	10:00 AM	Preferential issue of upto 1023460 equity shares / warrants to promoter group.
March 31st, 2011	29th September, 2011	Jubilee Hills International Centre, Jubilee Hills, Hyderabad-500 033	10:00 AM	Increase in Remuneration of Mr. Ravi Vishnu and A. Bhopal Reddy.

i) During the last three years the following Extra-Ordinary General Meetings were held at the registered office.

Year	Date	Time	Special Resolutions Passed
2012-2013	22.12.2012	10:30A.M.	Preferential issue of upto 1023460 equity shares / warrants to promoter group.
2010-2011	26.04.2010	10:00 A.M	Reappointment of Mr. Ravi Vishnu as Managing Director of the Company for a period of 5 years w.e.f. 16th January, 2010.

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by the Stock exchanges, SEBI and any statutory Authority relating to Capital markets.

C. As per the Internal Code of Conduct the employees have been given access to the Audit Committee.

D. CEO/ CFO Certification

The Managing Director and Sr. Manager (Finance) (who is heading the finance functions) have certified to the Board in accordance with Clause 49 (v) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March, 2014.

E. Compliance Certificate

Compliance certificate for Corporate Governance of the Company is annexed hereto and forms part of this report.

F. Code of Conduct

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2014. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

G. Details of Compliances with Mandatory Requirements and Adoption of the non-Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-Mandatory requirements.

H. Relationship inter-se among directors

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, Managing Director, Mr. Ravi Vishnu and Mr. R.Radha Krishna Murthy belong to promoter group and are related to each other.

5. MEANS OF COMMUNICATION

- A. Quarterly and half-yearly reports are published in two Newspapers- One in English and one in Telugu.
- B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.csstechnergy.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.
- C. The Company is also displaying official news announcements on its website www.csstechnergy.com
- D. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Annual General Meeting

Date and Time	Tuesday, 30th September, 2014 – 10.00 AM
Venue	Film Nagar Cultural Centre, Dr. D Ramanaidu Building, Road No: 6, Film Nagar, Jubilee Hills, Hyderabad – 500 033.
Last Date of Proxy forms submission	10.00 AM on 28.09.2014

B. Financial Year : April 1st to March 31st

C. Book Closure : 23rd Sep., 2014 to 30th Sep., 2014 (Both days inclusive)

D. Listing on Stock

Exchanges : 1. Bangalore Stock Exchange Limited, No.51, "Stock Exchange Towers", 1st Cross, J.C.Road, Bangalore - 560 027

2. Permitted for trading in the Indo-Next segment of the Bombay Stock Exchange Limited, Mumbai

E. Stock Code

Name of the Stock Exchange	Stock Code	Scrip Code
BSE LIMITED	590050	CSSTECH
Demat ISIN No. for NSDL & CDSL	INE029B01019	

The Company's shares are listed on the Bangalore Stock Exchange Limited and permitted for trading in Bombay Stock Exchange in Indo-Next segment. The listing fee for the year 2014-2015 has been paid to both the above said Stock Exchanges.

F. Market Price Data & Share Performance of the Company

The monthly High, Low prices and trading volumes of the Companies Equity Shares during the last financial year 2013-2014 at The Bombay Stock Exchange Limited are given below:

Month	BSE		
	High (Rs)	Low (Rs)	No. of Shares traded
Apr 13	15.00	11.11	7,042
May 13	13.00	9.95	14,491
Jun 13	10.48	9.03	6,631
Jul 13	12.50	9.91	3,278
Aug 13	12.65	9.51	546
Sep 13	12.50	10.55	5,315
Oct 13	11.40	8.19	1,424
Nov 13	17.30	11.97	867
Dec 13	14.16	8.21	5,156
Jan 14	9.24	7.65	6,769
Feb 14	13.16	8.83	2,112
Mar 14	16.24	11.40	2,849

All Services relating to share transfer/transmissions and information may be addressed to:

G. Registrar and Share Transfer Agent

XL Softech Systems Limited
 3, Sagar Society, Road No.2, Banjara Hills
 Hyderabad – 500 034, AP, INDIA
 Tel: +91-40 – 23545913, 23545914
 Fax: +91-40 – 23553214
 E-mail : xlfield@rediffmail.com
 Website: www.xlsofttech.com

The Company periodically audits the operations of share transfer agent.

H. Share Transfer System

Share Transfers in physical form shall be lodged with the Registrar at the said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary for due compliance of shares transfer formalities.

I. Shareholding Pattern as on 31st March, 2014

Category	No. of Shares held	% of Capital
Indian Promoters	4340974	58.49
Banks, Financial institutions, Insurance Companies (Central/State Govt Institutions/ Non-Govt. institution)	0	0.00
Indian Public	2775775	37.40
Private Corporate Bodies	140561	1.90
NRI's/OCB's/FCB's, others	160515	2.16
Mutual Funds	0	0.00
HUF's	0	0.00
Clearing Members	3715	0.05
Total	7421540	100

J. Dematerialization of shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) for dematerialization facility. As on 31st March, 2014, 94.81% of the Company's Equity shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE029B01019. Shareholders can open an account with any of the depository participants registered with any of these depositories.

K. Address for Correspondence

CSS TECHNERGY LIMITED
6-1-85/10, Opp. Telephone Bhavan,
Saifabad, Hyderabad,
Tel: +91-40- 23230305, 23230306
Fax: +91-40- 23230313

for and on behalf of the Board

-Sd-

RAVI VISHNU

Managing Director

Place : Hyderabad
Date : 07.08.2014

Managing Director and Sr. Manager(Finance)'s Certification

We have reviewed the financial statements, read with the cash flow statement of CSS Technergy Limited for the year ended March 31st, 2014 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
- (ii) These statements present true and fair view of the company's affairs and are in compliance with current Accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the auditors and audit committee that :
 - (I) There are no significant changes in internal control over financial reporting during the year ;
 - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements;
and
 - (iii) There are no instances of fraud involving the management or an employee.

Place: Hyderabad
Date : 07-08-2014

-Sd-
K. Raghupathi Rao
Sr. Manager (Finance)

-Sd-
RAVI VISHNU
Managing Director

Declaration on Code of Conduct

I, Ravi Vishnu, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2013-2014.

Place: Hyderabad
Date : 07-08-2014

-Sd-
RAVI VISHNU
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
CSS TECHNERGY LIMITED
HYDERABAD

We have examined all relevant records of CSS Technergy Limited (the Company) for the purposes of certifying compliances of the conditions of Corporate Governance under the revised Clause 49 of the Listing Agreements entered into with the Stock Exchanges for the Financial Year ended March 31, 2014.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliances of the conditions of the Corporate Governance. This certificate 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.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreements.

Place : Hyderabad
Date : 30.05.2014

-Sd-
Devendra Sharma
Company Secretary in Practice
M.No.A19674
C.P.No.9033

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2014

Our Services:



Business Support services & Solutions to the Power, Gas and Water utilities :

- ❖ Domain Consultancy
- ❖ GIS Applications
- ❖ Consumer Indexing
- ❖ Database Migration
- ❖ Metering, Billing, Collection Services
- ❖ Meter data acquisition
- ❖ Energy Audit
- ❖ Facility Management
- ❖ Manpower Augmentation and Training
- ❖ Distribution Area Franchisee



Unmatched exposure and execution capabilities in e-Governance Projects :

- ❖ Project Planning
- ❖ IT Infrastructure
- ❖ Application design and Development
- ❖ Database Migration
- ❖ RSD (Remote Service Delivery)
- ❖ Online Systems
- ❖ Biometric data capture
- ❖ Citizen Portals
- ❖ Data Mining
- ❖ MIS Reports
- ❖ IT Facilities Management
- ❖ Field Data Capture



Leading Confidential Data Management Service Provider :

- ❖ Manpower Management
- ❖ Data Form Design
- ❖ OMR Form Design and Printing
- ❖ Document Scanning
- ❖ ICR/OCR Applications
- ❖ Document management / Archival
- ❖ MIS Reports / Web Services
- ❖ Data Hosting / Backup
- ❖ Business Intelligence
- ❖ Data De-Duplication



Niche - Services Automation and Online Presence Provider :

- ❖ Domain Specific Automation of services
- ❖ Online presence of Offline Service delivery modules
- ❖ FMS for Online Modules
- ❖ Change Management
- ❖ Feature upgrades
- ❖ Technology Upgrades
- ❖ Mobile Applications

About CSS Technergy Limited (CS):

YOUR COMPANY, CSS Technergy Limited (CS), has successfully won and implemented multiple large scale projects both in Punjab and West Bengal over the last financial year. This was made possible due to the extensive in-house expertise of implementing large scale countrywide projects in the past. The implementation of these projects among others

YOUR COMPANY has also successfully won a new contract from Punjab State Power Corporation Limited for Spot Billing activity in June 2013. YOUR COMPANY's Utility Services profile spans the entire gamut of utility operations encompassing Metering-Billing-Collection, Total Revenue Management, Energy Management, Customer Management, GIS, AMR, and Information Portals. We enable the management of critical processes that impact the metering, billing, revenue collections, and customer service through field-proven meter to cash business scenarios. It also manages non-core yet critical back-office functions on clients' behalf, allowing them to achieve optimal business performance. It brings a geographically diverse experience gained in implementation of MBC (Metering, Billing, Collection services) projects executed in the states of Andhra Pradesh, West Bengal, Karnataka, Uttar Pradesh, Gujarat, Maharashtra, Punjab and Madhya Pradesh. YOUR COMPANY has been part of the evolutionary changes in some of the electricity boards and is executing MBC projects of diverse kinds. YOUR COMPANY deploys in-house web-based "EBAS" application to provide seamless integration of the power consumer data, 24/7 reporting and data security.

YOUR COMPANY has also increased focus on expertise consolidation in the Document Management division and the Confidential Data processing units. It has also seen recent wins in the Confidential Data Processing and Software Development work from its past as well as new clients.

CS Progress highlights:

YOUR COMPANY has been able to garner its share of profitable projects under the Utilities domain including Door-to-Door Spot Billing and Total Revenue Management. These continue to be the main stay of the DISCOMs revenue realization process. YOUR COMPANY's valued relationship with various Power Discoms has also borne fruit with multiple contract extensions and additions. It has already served more than 10 top Utilities in the country with comprehensive solution sets built upon industry experience and technology. With end-to-end services, including business and IT consulting, systems integration, full management of IT and business functions, your company stores, manages and maintains large customer data on the servers in a secure manner. CS is an empanelled member of Power Finance Corporation of India (PFC) for GSP (GIS solution Provider) for R-APDRP programs of Govt. of India. YOUR COMPANY is looking forward to the opening up of the Utilities domain to large scale privatization initiatives by the new government. YOUR COMPANY is in an enviable position of being the leading contender for implementation contracts for the leading Private Utility service providers in India like Tata Power, Essel Power, GTL etc. This is due to YOUR COMPANY's pan-India presence and wide-experience of the ground realities and planning in this competitive domain.

YOUR COMPANY has won another major contract from PSPCL (Punjab State Power Corporation Limited) for metering, billing and revenue management services in June

2013. Revenue has started to accrue from this project. This is in addition to the earlier locations which was already awarded to YOUR COMPANY in previous tenders. YOUR COMPANY is looking forward to consolidation of operations in this region to establish cost efficiencies and also to setup a base location for onward expansion in Haryana, Chandigarh and Delhi regions. YOUR COMPANY has also been awarded a novel COMBINED-SPOT BILLING project for joint billing of Water, Electricity and Sewerage for Punjab Consumers. It has won the contract for 4 Lakh+ consumers across Punjab. YOUR COMPANY expects this contract to be extended to more number of Consumers spread across Punjab.

National Empanelment Highlights:

1. Empanelled with PFC as GIS service providers for RAPDRP
2. Empanelled with WBSSEDCL – Spot Billing work
3. Empanelled in Rate Contract under Rajasthan IT Services Limited – RISL, Govt. of Rajasthan

YOUR COMPANY is also actively watching and will engage with the right opportunities thrown open by the increasing spends in Power, Finance and E-governance in the current economy which is buoyed by the business friendly policy announcements by the new government.

YOUR COMPANY has also begun moving into the next realm of Business opportunities. YOUR COMPANY has begun the activity of Lead generations and BTL Marketing activities to build the prospect funnel for Data Digitization, Archival and Analytics. YOUR COMPANY also seeks to take its Data Digitization activities to the next level of Analytics and Automated MIS systems.

YOUR COMPANY is one of the largest e-Governance Service Providers in India offering its services to various Government Agencies and Departments under the various e-Governance. ***YOUR COMPANY holds itself in good stead for participating in the multiple projects being put forth by both the Central and State Government under the National e-Governance Program. The previous fiscal was not encouraging in terms of profitable opportunities in the e-Governance segment due to the uncertainties present in the policy making inactiveness of the Central and State Government levels.***

Industry Analysis and Outlook: Utilities: Domestic and Overseas

Electricity production in India (excluding captive generation) stood at 911.6 terawatt-hours (TWh) in FY 13. Presently, about 53.7 per cent of India's commercial energy demand is met through the country's vast coal reserves. India has also invested heavily in recent years on renewable sources of energy such as wind energy. As of March 2011, India's installed wind power generation capacity stood at about 12,000 MW. The government has also committed massive amount of funds for the construction of various nuclear reactors which would generate at least 30,000 MW. In July 2009, India unveiled a US\$ 19 billion plan to produce 20,000 MW of solar power by 2020 under National Solar Mission. Indian solar installations are forecasted to be approximately 1,000 MW in 2014, according to Mercom Capital Group, a global clean energy communications and consulting firm.

Power and utilities companies globally face the triple challenge of improving environmental performance, keeping consumers' costs down and maintaining system reliability. The UTILITIES sector especially Power, has always been in the news for various reasons, be it Telangana, AP or any other state in India. There has been an ever-widening gap between the Demand and Supply of electricity. In the business parlance, this throws up huge opportunities for companies offering critical business support services, such as YOUR COMPANY. The Utilities industry forms the backbone of modern day societies and economies. Increasing supply constraints and environmental awareness can be found at the root of almost all these problems thus forcing the companies to reinvent the way the business should be run. The industry has been experiencing deregulation and privatization globally and there is a renewed interest in operational efficiency through asset and resource optimization. With the current state of regulatory environment and the unbundling in progress, the innovation involving business processes is going to decide the front runners in the industry.

YOUR COMPANY is making investments in developing relationships with major companies involved in Distribution Franchisees, since the incumbent government is bullish on involvement of PPP model of investment in the Power Distribution sector to improve stability and reliability. Increase of much needed power tariff will also ease the rates that are paid to companies involved in Power Sector billing. YOUR COMPANY stands to benefit from such moves to privatize Power Distribution operations across India.

As the utilities industry slowly transforms toward a more information-driven service industry, innovations, emerging technologies and new entrants will be key points on boardroom agendas. YOUR COMPANY has developed advanced in-house software for Real Time Spot-Billing of Consumers anywhere in India, using State-of-the-art GPS and GPRS combined technology. This technology is being successfully used for the Spot Billing project in PSPCL. 'Customer Bill delivery' is a critical component in a utility company's customer care strategy and a significant customer touch point in the collection of revenue as part of the "meter to cash" processing cycle. This gap needs to be closed for better realization of revenues. Emphasis on better metering standards and understanding the points of revenue pilferage is vital. YOUR COMPANY is strategically placed to understand and operate under current and upcoming scenarios in this field.

YOUR COMPANY estimates that the total market size for such opportunities in the Metering-Billing and Revenue realization domain in Utilities in India itself is close to 1,500 Crores INR per Annum on a conservative basis. Utility needs and supporting technologies are finally converging. The accelerating pace of technological development will impact virtually every operational area of the utility. From web-based customer care to automated metering infrastructure (AMI), technology is a key to a utility's ability to thrive, not just survive. YOUR COMPANY offers utility decision support solutions by developing energy management systems for customers in transmission and distribution, generation, and meter data management. YOUR COMPANY's flagship Utility software suite - EBAS has now been improved to ensure more value for its users. It empowers service capability and provides a comprehensive IT solution for most business processes of any Utility. EBAS can be customized to provide an in-house capability within the utilities to effectively address their requirements.

The government has realized the need for restructuring the Transmission and Distribution (T&D) sector within the power segment. In the last one year, it has attempted to initiate

programs/aids to restructure State Electricity Boards (SEBs) into viable, commercial entities and set up power sector regulators. The regulators, in turn, will undertake compulsory metering to prune T&D losses and renovate and modernize aging power generation plants.

YOUR COMPANY is closely monitoring the renewable energy scenario both in India and abroad which is likely to usher in complex tariffs in the power distribution sector that may include time of the day metering & billing. It may choose to enter this domain at the right time to exploit the opportunities that will be thrown open. It expects the private power franchisee scenario to mature in the current fiscal, which will be a ready market for YOUR COMPANY to cater to.

Industry Analysis and Outlook : e-Governance : Domestic

The Union Cabinet has approved the Digital India project, which is Prime Minister Narendra Modi's ambitious e-governance initiative. The project, which has a total overlay of Rs. 1 Lakh Crore, aims to ensure that government services are available to citizens electronically and help people gain benefits from the latest information and communication technology. The Digital India programme is a transformed version of the already running National e-Governance Plan. The project aims to provide thrust to nine pillars identified as growth areas. These pillars include - broadband highways, everywhere mobile connectivity, Public Internet Access Programme, e-Governance, e-Kranti (which aims to give electronic delivery of services), information for all, electronics manufacturing, IT for Jobs and early harvest programmes.

YOUR COMPANY is pre-qualified Under the Digital India programme, all central government ministries and departments will come up with their individual projects that can be delivered to public using ICT like health services, education, judicial services etc. Government will prefer to adopt Public Private Partnerships (PPP) wherever feasible for rolling out Digital India programme. The monitoring committee of 'digital India' will be headed by Prime Minister Narendra Modi.

Implementation Strategy, Approach and Methodology of NeGP:

Implementation of e-Governance is a highly complex process requiring provisioning of hardware & software, networking, process re-engineering and change management. Based on lessons learnt from the past and the experience from successful e-Governance applications, the approach and methodology adopted for NeGP contains the following elements:

i. Common Support Infrastructure: NeGP implementation involves setting up of common and support IT infrastructure such as: State Wide Area Networks (SWANs), State Data Centres (SDCs), Common Services Centres (CSCs) and Electronic Service Delivery Gateways.

ii. Governance: Suitable arrangements for monitoring and coordinating the implementation of NeGP under the direction of the competent authorities have also been substantially put in place. The programme also involves evolving/ laying down standards and policy guidelines, providing technical support, undertaking capacity building, R&D, etc. DEITY is required to adequately strengthen itself and various institutions like NIC, STQC, CDAC, NISG, etc. to play these roles effectively.

iii. Centralised Initiative, Decentralised Implementation: e-Governance is being promoted through a centralised initiative to the extent necessary to ensure citizen-centric orientation, to realise the objective of inter-operability of various e-Governance applications and to ensure optimal utilisation of ICT infrastructure and resources while allowing for a decentralised implementation model. It also aims at identifying successful projects and replicating them with required customisation wherever needed.

iv. Public-Private Partnerships (PPP) : PPP model is to be adopted wherever feasible to enlarge the resource pool without compromising on the security aspects.

v. Integrative Elements: Adoption of unique identification codes for citizens, businesses and property is to be promoted to facilitate integration and avoid ambiguity.

vi. Programme Approach at the National and State levels : For implementation of the NeGP, various Union Ministries/Departments and State Governments are involved. Considering the multiplicity of agencies involved and the need for overall aggregation and integration at the national level, NeGP is being implemented as a programme, with well-defined roles and responsibilities of each agency involved. For facilitating this, appropriate programme management structures have also been put in place.

Industry Analysis and Outlook : Greenfield Business Opportunities Unit:

YOUR COMPANY is increasingly focusing on upcoming greenfield business opportunities to embolden the medium term and long term outlook. These ideas are again segregated into their specific domains they have originated from. Some of the promising ideas under the Greenfield Business Unit are:

Cloud Computing and SaaS : Although the utility industry trails other sectors in cloud adoption due to security and reliability concerns, solutions are beginning to emerge in areas such as smart meter, big data analytics, demand response coordination and GIS. Early implementers of utility cloud and SaaS include organisations interested in providing common application and data services to multiple utility entities, such as cooperative associations and transmission system operators, smaller municipal and cooperatives without extensive infrastructure or budgets, and investor-owned utilities (IoUs) conducting short-term smart grid pilots interested in quick time-to-market, with minimal impact on production systems.

Advanced Metering Infrastructure : AMI constitutes a cornerstone of the smart grid by potentially providing a communication backbone for low-latency data aimed at improving distribution asset utilization failure detection, and facilitating consumer inclusion in energy markets. Different market structures, regulatory drivers and benefit expectations create different ownership models for components of the AMI technology stack, which favor different technology solutions across the globe.

Predictive Analytics : Predictive analytics has become generally used to describe any approach to data mining with four attributes: an emphasis on prediction, rapid time to insight, an emphasis on the business relevance of the resulting insights and an increasing emphasis on ease of use, thus making the tools accessible to business users. Common applications include understanding the future failure patterns of equipment, or the likely load from certain customer groups or regions. By understanding likely future circumstances, organizations are better able to allocate investments to maximize returns.

Enterprise APP Stores : An enterprise app store can boost return on application investments and reduce risks, license fees and administration costs. However, application, security and sourcing professionals need to work together to deliver an effective enterprise app store. The success of consumer app stores for mobile applications has generated much interest on the part of IT managers, mostly to support the various mobile platforms emerging in their organizations, but also with the potential to extend to PCs and change the way enterprise applications are delivered.

Industry Analysis and Outlook : Software Services : SME and Government:

IT Enablement of all departments has been the prime focus of the new government under Shri. Narendra Modi. E-Services and Online Delivery are being envisaged in every sphere of Government – Citizen interfaces for higher efficiency and accountability. YOUR COMPANY has been involved in designing and delivering quality Online systems for both Government and private sector enterprises for over 15 years now.

YOUR COMPANY is targeting mid-size Software and Online development projects in the range of 50 Lakhs – 2 Crores which have higher occurrence and carry comparatively lesser project risks through the delivery timelines. YOUR COMPANY is well placed to service such opportunities in the Government due to its wide experience in the field of e-governance as well.

YOUR COMPANY is currently empanelled with Rajasthan IT Services Ltd. and is targeting more such empanelment with other IT Savvy state governments to be their preferred shortlisted vendor for IT services development and delivery. Several State Governments have taken various innovative steps to promote e-Governance and have drawn up a roadmap for IT implementation and delivery of services to the citizens online. The applications that have been implemented are targeted towards providing Government to Citizen (G2C), Government to Business (G2B) and Government to Government (G2G) services with emphasis on use of local language.

Every State has the flexibility of identifying up to five additional State-specific Mission Mode Projects (relevant for economic development within the State). In cases where Central Assistance is required, such inclusions are considered on the advice of the concerned Line Ministries/ Departments. States have MMPs on Agriculture, Commercial Taxes, e-District, Employment Exchange, Land Records, Municipalities, Gram Panchayats, Police, Road Transport, Treasuries, etc.

YOUR COMPANY estimates the market size for such e-Government opportunities to be the tune of Rs. 150 Crores per annum in a conservative manner. With a strong government at the center and a renewed push to ensure e-enablement of all citizen services, it is becoming inevitable for the State and Central entities to adopt an Online approach to all their citizen facing activities.

Apart from electronic delivery of government services to all citizens and businesses, the DIGITAL INDIA plan is expected to create 17 million direct and 85 million indirect jobs, while significantly reducing Indian imports of electronics. The plan, which rivals any physical infrastructure plan that the government has come out with before, envisages the creation of virtual infrastructure to connect every citizen with high-speed Internet and a plethora of services, using a lifelong digital identity along with mobile phones, bank accounts and a shareable private space on a public cloud. Citizens will be able to easily

access government services, which will be seamlessly integrated across departments and jurisdictions, and available in real time on mobile phones and online, in Indian languages.

As part of the e-governance aspect of the plan, the government plans to bring all departments across the country online, including government services and necessary storage of certificates among others, in the next three years. The electronic delivery of services, including health, education, security, justice, financial inclusion and information to farmers has been labelled e-kranti. This aims to provide broadband connectivity to 250,000 schools, including free WiFi and also massive online open courses. E-healthcare will ensure access to online medical consultations, records, supplies and even pan-India patient information. Farmers will have real-time access to price information and financial help as well as mobile banking. The plan will also include a geographic information system-based social network for citizens called MyGov.

Source: MINT

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the company's objectives, projections, outlook, expectations, estimates and others may constitute forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on,

whether express or implied. Several factors could make a significant difference to the company's operations. These

include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the company does not have any direct control. Readers are cautioned not to place undue reliance on this forward-looking statement. The discussion and analysis should be read in conjunction with the financial statements and notes included in this section.

Independent Auditor's Report

To the Members of

CSS TECHNERGY LIMITED.

Report on Financial Statements

We have audited the accompanying financial statements of CSS TECHNERGY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regularity Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except Accounting Standard (AS) 15 relating to "Employee Benefits" issued by the Institute of Chartered Accountants of India.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 2013.

Place: Hyderabad

Date: 30-05-2014

for **RAMBABU & Co.**

Chartered Accountants

Firm Reg. No.002976S

-Sd-

C. Satya Prakash

Partner

M No: 027183

Annexure to Independent Auditor's Report

1. In respect of its fixed asset;
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have not been physically verified by the management at reasonable intervals;
 - (c) During the year, the company has not disposed of substantial part of the Assets. According to the information and explanations given to us, we are of the opinion that no transactions are effected involving disposal of assets so as to affect going concern status of the company.
2. In respect of Inventories;
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
 - (a) During the year, the company has taken a loan amounting to Rs.10,00,000/- received from parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According to the information and explanations given to us, we are of opinion, the terms and conditions on which loan taken by the company from such parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - (c) In respect of loan taken, the principal amount is being repayable on demand and the question of overdue does not arise.
 - (d) In our opinion and according to the information and explanations given to us the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - (e) During the year, the company has given a loan amounting to Rs.1,00,000/- to the parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories, fixed assets, payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. In respect of the contracts or arrangements referred to in section 301 of the companies Act, 1956;
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 with parties covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanation given to us, the Company has not accepted any deposits from the public. Therefore the provisions of clause (vi) of paragraph 4 of the order are not applicable to the company.
7. As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues;
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable except Service tax payable Rs 1,31,928/- TDS payable Rs. 15,23,025/- ESI payable Rs 9,83,020/- and sales tax payable Rs. 1,98,957 /-.
 - (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.

10. The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that, during the year State Bank of India sanctioned term loan for an amount of Rs. 80 lacs. Out of the sanctioned amount, an amount of Rs. 33.32 lacs disbursed during the year. In our opinion, the company utilized the disbursed amount of Rs. 33.32 lacs for the same purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. During the year the Company has converted 6,60,000 share warrants into equal no. of equity shares of Rs. 10/- each to the parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion the terms of conversion are not prima facie prejudicial to the interest of the Company.
19. The Company has no outstanding debentures during the year under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Place: Hyderabad
Date: 30-05-2014

for RAMBABU & Co.
Chartered Accountants
Firm Reg No:002976S
-Sd-
C. Satya Prakash
Partner
M.No. : 027183.

Balance Sheet as at 31 March, 2014

(Amount in Rupees)

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	7,42,15,400	6,76,15,400
(b) Reserves and surplus	4	3,80,30,095	2,22,33,224
(c) Money received against share warrants	5	5,35,475	39,69,225
		11,27,80,970	9,38,17,849
2 Non-current liabilities			
(a) Long-term borrowings	6	6,68,244	-
(b) Deferred tax liabilities (net)	7	1,19,16,499	76,40,757
		1,25,84,743	76,40,757
3 Current liabilities			
(a) Short Term Borrowings	8	2,25,06,677	1,90,40,934
(b) Trade payables	9	2,44,91,936	3,52,50,993
(c) Other current liabilities	10	5,61,13,776	2,44,04,891
		10,31,12,389	7,86,96,818
TOTAL		22,84,78,102	18,01,55,424
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	4,55,27,329	4,70,88,660
(ii) Intangible assets		33,72,396	33,75,929
		4,88,99,725	5,04,64,589
(b) Long-term loans and advances	12	2,73,10,493	2,04,43,716
(c) Other non-current assets	13	96,67,602	-
2 Current assets			
(a) Inventories	14	6,55,20,981	6,38,77,551
(b) Trade receivables	15	3,99,98,677	2,76,24,156
(c) Cash and Bank Balances	16	66,68,654	48,84,465
(d) Short-term loans and advances	17	3,04,11,971	1,28,60,947
		14,26,00,283	10,92,47,119
TOTAL		22,84,78,102	18,01,55,424
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For RAMBABU & Co.,
Chartered Accountants
Firm Reg No: 002976S

-Sd-

C. Satya Prakash

Partner

Membership.No:027183

Place : Hyderabad
Date : 30-05-2014

For and on behalf of the Board

-Sd-

Ravi Vishnu
Managing Director

-Sd-

A.Bhopal Reddy
Whole Time Director

-Sd-

A. Arvind
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2014

(Amount in Rupees)

Particulars	Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
CONTINUING OPERATIONS			
1 Revenue from operations	18	12,46,76,694	23,92,41,208
2 Other income	19	3,67,040	10,96,511
Total revenue		12,50,43,734	24,03,37,719
3 Expenses			
(a) Cost of materials consumed	20	64,40,694	62,18,535
(b) Operating Expenses	21	3,03,31,705	13,76,26,326
(c) Purchases of stock-in-trade	22	-	3,21,30,000
(d) Changes in inventories of work-in-progress	23	(17,25,729)	(3,16,05,508)
(e) Employee benefits expense	24	4,78,40,405	5,74,95,288
(f) Finance costs	25	36,70,718	30,59,768
(g) Depreciation and amortisation expense	11	79,67,805	1,40,86,143
(h) Other expenses	26	1,80,35,523	19,21,99,495
Total expenses		11,25,61,121	41,12,10,047
4 Profit before Tax and Exceptional Items		1,24,82,613	(17,08,72,328)
Exceptional Items	27	-	1,34,02,430
Profit before Tax		1,24,82,613	(15,74,69,898)
5 Tax expense:			
(a) Current tax expense for current year		-	-
(b) Deferred tax (Asset) / Liability		42,75,742	10,13,898
6 Profit after Tax (4-5)		82,06,871	(15,84,83,796)
7 Earnings Per Share (equity share of Rs.10/-each)	28		
Basic		1.19	(24.46)
Diluted		1.09	(24.46)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board

For RAMBABU & Co.
Chartered Accountants
Firm Reg No: 002976S

-Sd-
C. Satya Prakash
Partner
Membership.No:027183

Place : Hyderabad
Date : 30-05-2014

-Sd-
Ravi Vishnu
Managing Director

-Sd-
A.Bhopal Reddy
Whole Time Director

-Sd-
A. Arvind
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rupees)

Particulars		For the year ended 31 March, 2014	For the year ended 31 March, 2013
A	Cash Flows from operating activities :		
	Net Profit Before Tax	1,24,82,613	(15,74,69,898)
	Add: Loss from sale of assets/Assets written off	-	4,12,555
	Add : Deprectiation	79,67,805	1,40,86,143
	Add : Interest	36,70,718	30,59,768
	Less: Interest & other income received	(3,67,040)	(10,96,511)
	Operating Profit before working capital changes	2,37,54,096	(14,10,07,944)
	Adjustment for:		
	Trade receivables	(1,23,74,521)	18,09,93,425
	Inventories	(16,43,430)	(3,15,74,823)
	Loans and Advances & other assets	(3,40,85,402)	5,55,18,924
	Trade payables and Other Payables	1,99,89,476	(6,21,23,661)
	Cash Generated From Operations	(2,81,13,878)	14,28,13,866
	Less : Income Tax Paid	(43,59,781)	18,05,922
		-	-
	Net cash from operating activities " A "	(43,59,781)	18,05,922
B	Cash Flows from Investing activities :		
	Purchase of fixed assets	(54,42,589)	(1,11,62,230)
	Interest & other income received	3,67,040	10,96,511
	Margin Money Deposits / (Realisation)	(2,11,830)	3,05,845
	Restricted Deposits with Scheduled Banks realized/(Made)	30,000	9,70,000
		-	-
	Net cash used in investing activities " B "	(52,57,379)	(87,89,874)
C	Cash Flows from Financing activities :		
	Proceeds from long term borrowings - (Net of payments)	6,68,244	(2,03,995)
	Proceeds from Short term borrowings - (Net of payments)	34,65,743	(8,86,019)
	Share capital	31,66,250	28,50,000
	Share Premium	75,90,000	32,77,500
	Money received against Share warrants	-	39,69,225
	Interest	(36,70,718)	(30,59,768)
	Net Cash used in financing activities " C "	1,12,19,519	59,46,943
	Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	16,02,359	(10,37,008)
	Cash and Cash Equivalents at the beginning	12,69,601	23,06,609
	Cash and Cash Equivalents at the end	28,71,960	12,69,601

As per our report of even date

For RAMBABU & Co.
Chartered Accountants
Firm Reg No: 002976S

-Sd-
C. Satya Prakash
Partner
Membership.No:027183

Place: Hyderabad
Date : 30-05-2014

For and on behalf of the Board

-Sd-
Ravi Vishnu
Managing Director

-Sd-
A.Bhopal Reddy
Whole Time Director

-Sd-
A. Arvind
Company Secretary

Notes forming part of the financial statements**1. Corporate information**

CSS TECHNERGY LIMITED is incorporated in April, 1994 for carrying out the activities of offering a full range of software outsourcing services from end to end development of new software and web solutions, Enterprise Application Services, re-engineering and enhancement of legacy applications, application integration and maintenance, BPO / ITES services for Utilities, E-Governance, BFSI, Retail and DMS. The Company is carrying its activities from its registered office situated at # 6-1-85/10, Opp Telephone Bhavan, Saifabad, Hyderabad – 500 004.

2. Significant Accounting Policies**2.1 Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.3 Cash and cash equivalents

Cash comprises cash on hand and fixed deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash Flows are reported using the indirect method, where by profit /(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Tangible fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

2.6 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

2.7 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

2.8 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

2.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue from sale of goods

Sales are recognized net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

(ii) Revenue from sale of Services

Revenue from software related services are accounted for on the basis of services rendered as per terms of contract.

Revenue from BPO services are based on the performance of specific criteria at contracted rates.

(iii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iv) Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

2.10 Inventory Valuation

- a) Stocks of consumables are valued at cost.
- b) Project work in progress is valued with reference to the actual cost incurred for the work performed up to the reporting date bear estimated total project cost of each project.

2.11 Foreign currency translation**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

2.12 Retirement and other employee benefits**(i) Defined contribution plans:**

Contributions in respect of Employees Provident Fund and Family Pension Fund are charged to the Profit and Loss account as incurred.

(ii) Defined benefit plans:

The Company also provides for other employee benefits in the form of gratuity. The Company's Contributions to Gratuity scheme is provided for based on Valuations, as at the balance sheet date made by independent actuaries. The gratuity fund is managed by the Life Insurance Corporation of India (LIC).

(iii) Long-term employee benefits

The Company has a policy to encash all unavailed leaves over and above 60 days after every calendar year compulsorily. Also, the employee is entitled to encash leaves as and when required by them.

(iv) Short-term employee benefits:

The undiscounted amount of short-term employee benefits i.e. performance incentive expected to be paid in exchange for the services rendered by employee are recognized during the year when employees render the service.

2.13 Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.14 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Notes forming part of the financial statements

3. Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity Shares of Rs 10/- each with voting rights	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
(b) Issued, Subscribed and Fully Paid-up: Equity Shares of Rs 10/- each with voting rights	74,21,540	7,42,15,400	67,61,540	6,76,15,400
TOTAL		7,42,15,400		6,76,15,400

(i) Reconciliation of Shares

Particulars	Opening Balance	Conversion of Share Warrants	Closing Balance
Equity shares with voting rights Year ended 31 March, 2014			
- Number of shares	67,61,540	6,60,000	74,21,540
- Amount (Rs.)	6,76,15,400	66,00,000	7,42,15,400
Year ended 31 March, 2013			
- Number of shares	64,76,540	2,85,000	67,61,540
- Amount (Rs.)	6,47,65,400	28,50,000	6,76,15,400

(ii) All Equity Shares issued by the company carry equal voting and participatory rights

(iii) The details of share holders holding more than 5% shares :

Name of the share holder	As at 31.03.2014		As at 31.03.2013	
	Number of shares	% held	Number of shares	% held
Sri. Ravi Vishnu	8,50,539	11.46	8,50,539	12.58
Sri. D. Vikram Reddy	7,40,500	9.98	5,40,500	7.99
Sri. R. Radha Krishna Murthy	5,41,100	7.29	5,41,100	8.00
Sri. A. Bhopal Reddy	4,81,800	6.49	2,31,400	3.42

4. Reserves and surplus

Particulars	As at 31.03.2014		As at 31.03.2013	
	Rs.		Rs.	
(a) Share Premium				
Opening balance	6,49,71,800		6,16,94,300	
Add: Additions during the year	75,90,000		32,77,500	
Closing balance		7,25,61,800		6,49,71,800
(b) Capital Reserve		19,25,000		19,25,000
(c) Surplus / (Deficit) in Statement of Profit and Loss				
Balance at the beginning of the year	(4,46,63,576)		11,38,20,220	
Add: Profit for the year	82,06,871		(15,84,83,796)	
Closing balance		(3,64,56,705)		(4,46,63,576)
TOTAL		3,80,30,095		2,22,33,224

5.Share Warrants Money

During the financial year 2012-13 10,23,460 Share Warrants were allotted on preferential basis to promoters of the company, vide resolution dated 22.12.2012. Each holder of the said share warrant is entitled to subscribe equivalent number of equity share of Rs 10/-each at a premium of Rs 11.50 each. Out of above Share Warrants of 10,23,460, 2,85,000 Share Warrants of Rs 10/- each were converted during the financial year 2012-2013 each in to equal no.of equity shares of Rs 10/- each. During the current year, 6,60,000 Share Warrants were converted in to equal no.of equity share of Rs 10/-each.

During the current year, Company has received an amount of Rs 5,35,475/- towards 25% of balance 78,460 share warrants and the same is accounted as money received against Share Warrants.

6. Long Term Borrowings (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
From banks - Secured Term Loan -State Bank of India (Ref Note 6.1)	6,68,244	-
TOTAL	6,68,244	-

6.1 - Long Term Borrowings

During the year, State bank of india, Balanagar branch has sanctioned Term Loan for an amount of Rs 80 Lakhs. The said Term Loan will be repayable in 36 monthly installments of Rs 2.22 lakh each commencing from 30.04.2014. The said loan is secured by equitable mortgage of 500 Sq.yds of land belonging to the Company and equitable mortgage of 500 Sq.yds of land belonging to Associate Company Granada Engineers Limited. Out of the sanctioned amount, an amount of Rs 33.32 Lakhs disbursed during the FY 2013-14.

The said loans are further secured by way of corporate guarantee of Associate Company Granada Engineers Limited and Personal guarantee of Ravi Vishnu and A.Bhopal Reddy Directors of the company.

7. Deferred Tax Liability (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Opening Balance	76,40,757	66,26,859
Add: on account of difference of depreciation during the year	42,75,742	10,13,898
Net Deferred Tax Liability	1,19,16,499	76,40,757

8. Short Term Borrowings

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Secured: From Banks		
Cash Credit - State Bank of India (Refer Note 8.1)	1,95,06,677	1,90,40,934
Un Secured: From Others		
a) From Related Parties (Refer Note 8.2)	10,00,000	-
b) From Others	20,00,000	-
Total	2,25,06,677	1,90,40,934

8. 1 Cash Credit from State Bank of India

The Company has availed working capital loan from SBI for an amount of Rs. 2,00,00,000/-. Out of the working capital loan availed the company utilised an amount of Rs. 1,95,06,677/- as at 31 st March, 2014. The said loans are secured by equitable mortgage of 500 Sq.yds of land belonging to the Company and equitable mortgage of 500 Sq.yds of land belonging to Associate Company Granada Engineers Limited.

The said loans are further secured by way of corporate guarantee of Associate Company Granada Engineers Limited and Personal guarantee of Ravi Vishnu and A. Bhopal Reddy Directors of the company.

8. 2 Un Secured Loan From Others

The Company has taken unsecured loan for an amount of Rs.10,00,000 from R.Sri Hari, a relative of Managing Director of the Company.

The Company has taken unsecured loan from Bhanu Hotels and Proprietors Pvt Ltd for an amount of Rs 20,00,000.

The said loans are repayable on demand.

9. Trade Payables:

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Creditors for Services	2,31,25,926	3,40,61,973
Creditors for Consumables	11,58,120	9,72,144
Creditors for Expenses	2,07,890	2,16,876
TOTAL	2,44,91,936	3,52,50,993

10. Other Current Liabilities

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Current maturities of long-term debt - Secured		
i) Term Loan - State Bank of India	26,64,000	-
ii) Vehicle Hire Purchase Loans	-	2,03,995
(b) Other payables		
(i) Statutory remittances	84,99,452	26,36,472
Service tax Payable	34,36,043	60,54,948
Tds Payable	1,98,957	9,10,883
Sales Tax Payable	21,77,342	4,65,717
ESI Payable	12,45,576	12,60,652
PF Payable	9,050	3,900
Professional Tax Payable	18,06,709	8,46,357
(ii) Payables on purchase of fixed assets	3,43,70,519	95,16,000
(iii) Security deposits received	17,06,128	25,05,967
(iv) Other Liabilities		
Total	5,61,13,776	2,44,04,891

12. Long Term Loans And Advances

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(Unsecured, considered good, recoverable in cash or in kind for value to be received)		
(a) Capital advances		
Advance for Capital goods	5,100	28,315
(b) Deposits		
Deposits - APCPDCL	42,426	42,426
Deposits - Electricity	14,41,602	4,79,455
Deposits - Others	2,50,432	2,50,432
Deposits - Rent	10,36,497	10,15,697
(c) Advance Income Tax (Net of Provision of Rs 2,37,25,455/- As at 31 st March, 2013 Rs 2,37,25,455/-)	2,45,34,436	1,86,27,391
Total	2,73,10,493	2,04,43,716

11. FIXED ASSETS (Amount in Rupees)										
PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
	Balance As At 01.04.2013	Additions	Disposals	Balance As At 31.03.2014	Disposals	For the Year	Balance As At 31.03.2014	Balance As At 31.03.2014	Balance As At 31.03.2013	
(i) TANGIBLE ASSETS										
Land	13,31,295	-	-	-	-	-	-	13,31,295	13,31,295	
Computer / Hardware	9,20,73,874	60,71,884	-	6,62,76,728	-	47,20,098	7,09,96,826	2,71,48,932	2,57,97,146	
Furniture and fixtures	1,56,54,317	24,096	-	99,17,501	-	9,91,586	1,09,09,087	47,69,326	57,36,816	
Electrical Fittings	1,88,33,208	7,310	-	76,00,616	-	13,31,508	89,32,124	99,08,394	1,12,32,592	
Vehicles	28,73,978	35,995	-	17,29,676	-	2,73,168	20,02,844	9,07,129	11,44,302	
Office Equipment	81,63,350	2,63,656	-	64,17,433	-	5,86,693	70,04,126	14,22,880	17,45,917	
Library Books	8,65,901	-	-	7,65,309	-	61,219	8,26,528	39,373	1,00,592	
Total	13,97,95,923	64,02,941		9,27,07,263		79,64,272	10,06,71,535	4,55,27,329	4,70,88,660	
Previous Year	13,11,75,927	90,69,246	4,49,250	8,57,70,417	36,695	69,73,541	9,27,07,263	4,70,88,660	-	
(ii) INTANGIBLE ASSETS										
Computer Software	6,71,37,104	-	-	6,37,61,175	-	3,533	6,37,64,708	33,72,396	33,75,929	
Previous Year	6,71,15,309	21,795	-	5,66,48,573	-	71,12,602	6,37,61,175	33,75,929	-	
Total	20,69,33,027	64,02,941	-	15,64,68,438	-	79,67,805	16,44,36,243	4,88,99,725	5,04,64,589	
Previous Year Total	19,82,91,236	90,91,041	4,49,250	14,24,18,990	36,695	1,40,86,143	15,64,68,438	5,04,64,589	-	

13. Other non-current assets (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Deferred Revenue Expenditure (Ref. Note 13.1)	1,28,90,136	-
Less: Written off during the year	32,22,534	-
Total	96,67,602	-

13.1 Deferred Revenue Expenditure

During the current year, Company incurred an amount of Rs.1,28,90,136/- for development of a software in order to facilitate and execute online billing to the consumers of Punjab State Power Corporation Limited(PSPCL).

The said project with PSPCL is spread over a period of 4 years and the software developed can be used for a period of 4 years. The expenditure of Rs.1,28,90,136/- incurred for development of software is deferred and will be written off over a period of 4years from the year in which it is incurred.

During the current year, Company written off an amount of Rs.32,22,534/- being 1/4th of the total deferred revenue expenditure incurred.

14. Inventories (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(As valued and certified by management)		
(a) Consumables	1,09,744	1,92,043
(b) Work-in-progress	6,54,11,237	6,36,85,508
Total	6,55,20,981	6,38,77,551

15. Trade Receivables (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	1,07,24,957	35,15,546
Doubtful	10,78,175	17,72,19,336
	1,18,03,132	18,07,34,882
Less: Bad debts written off	10,78,175	17,72,19,336
	107,24,957	35,15,546
Other Trade receivables		
Unsecured, considered good	2,92,73,720	2,41,08,608
TOTAL	3,99,98,677	2,76,24,156

16. Cash and Bank Balances

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Cash and cash equivalents		
(i) Cash on hand	3,252	16,971
(ii) Balances with banks		
(a) Current accounts	26,71,672	10,35,898
(b) EEFC accounts	1,97,036	2,16,732
Total	28,71,960	12,69,601
(b) Other Bank Balances		
(i) Fixed Deposit	-	30,000
(ii) Margin money on Bank Guarantees	37,96,694	35,84,864
Total	37,96,694	36,14,864
TOTAL	66,68,654	48,84,465

16.1 (a) Cash and cash equivalents

Out of the above Cash and Bank balances, Cash and cash equivalents that meet the definition of cash flow statement is Rs 28,71,960/- Previous year Rs 12,69,601/-.

17. Short-term loans and advances

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(Unsecured, considered good)		
(a) Loans and advances (Refer Note.17.1)	9,73,614	8,68,811
(b) Prepaid expenses	4,85,916	3,47,531
(c) Balances with government authorities		
(i) VAT credit receivable	-	1,32,564
(d) Advance for services and other expenses	1,75,38,246	7,75,846
(e) Deposits - EMD	1,14,14,195	1,07,36,195
TOTAL	3,04,11,971	1,28,60,947

17.1 Loans and Advances includes an amount of Rs.1,00,000 loan given to M/s.Granada Engineers Limited, a related party.

18 Revenue from operations

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Sale of products	32,78,306	37,09,168
Less: Sales Tax	1,56,110	1,76,627
	31,22,196	35,32,541
Sale of services		
- Domestic	13,61,33,785	26,46,23,398
- Export	-	2,98,458
	13,61,33,785	26,49,21,856
(b) Less: Service Tax	1,43,16,927	2,83,82,689
Sales Tax	2,62,360	8,30,500
	12,15,54,498	23,57,08,667
TOTAL	12,46,76,694	23,92,41,208

19. Other Income (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Interest income	3,27,472	3,12,946
(b) Foreign Exchange Fluctuation gain	2,508	52,186
(C) Sale of Scrap	37,060	7,31,379
TOTAL	3,67,040	10,96,511

20. Cost of Materials Consumed (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Opening stock	1,92,043	2,22,728
Add: Purchases	63,58,395	61,87,850
Total	65,50,438	64,10,578
Less: Closing stock	1,09,744	1,92,043
TOTAL	64,40,694	62,18,535

21. Operating Expenses (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Sub Contracting Expenses	2,80,42,074	13,51,61,408
Repairs to Plant & Machinery	10,77,306	12,00,417
Power & Fuel	9,41,043	8,79,564
Freight	2,71,282	3,84,937
TOTAL	3,03,31,705	13,76,26,326

22. Purchase Of Traded Goods (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Software purchases	-	3,21,30,000
TOTAL	-	3,21,30,000

23 Changes In Inventories Of Work-In-Progress (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Inventories at the end of the year:		
Work-in-progress	6,54,11,237	6,36,85,508
	6,54,11,237	6,36,85,508
Inventories at the beginning of the year:		
Work-in-progress	6,36,85,508	3,20,80,000
	6,36,85,508	3,20,80,000
Net (increase) / decrease	(17,25,729)	(3,16,05,508)

24. Employee Benefits Expense (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Salaries and wages	4,25,90,699	5,25,01,364
Contributions to provident Fund and other funds	43,28,636	37,87,817
Staff welfare expenses	9,21,070	12,06,107
TOTAL	4,78,40,405	5,74,95,288

25. Finance Cost (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Interest expense on:		
Interest on Vehicle Loans	9,412	45,582
Interest on Working Capital Loans	26,69,725	24,10,536
Interest on TDS	9,91,581	6,03,650
TOTAL	36,70,718	30,59,768

26. Other Expenses (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Rent	31,42,766	30,08,420
Repairs and maintenance	8,73,216	10,09,806
Insurance	1,68,263	1,66,618
Rates and taxes	3,47,182	49,895
Communication	12,88,573	10,24,157
Travelling and conveyance	32,55,895	18,00,821
Business promotion	2,47,794	2,88,073
Legal and professional	28,66,168	32,35,869
Payment to Auditors	4,00,000	4,00,000
Bad Debts written off	10,78,175	17,72,19,336
Assets written off	-	4,12,555
Deferred revenue expenditure written off (Refer Note.13.1)	32,22,534	-
Sales tax earlier years	45,609	-
Advances written off	-	8,15,614
Prior period items	-	13,22,768
Miscellaneous expenses	5,58,033	7,10,928
Bank Charges	5,41,314	7,29,980
Interest on Service tax	-	4,657
TOTAL	1,80,35,523	19,21,99,495

26.1. Payment to Auditors comprises (Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Statutory Audit fee	2,50,000	2,50,000
Taxation Audit Fee	1,50,000	1,50,000
TOTAL	4,00,000	4,00,000

27. Exceptional Items

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Credit Balances written back	-	1,34,02,430
TOTAL	-	1,34,02,430

28. Earnings Per Share

(Amount in Rupees)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Basic		
<u>Total operations</u>		
Net profit for the year attributable to the equity shareholders	82,06,871	(15,84,83,796)
Weighted average number of equity shares	68,96,773	64,79,663
Par value per share	10.00	10.00
Earnings per share - Basic	1.19	(24.46)
<u>Diluted</u>		
The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.		
<u>Total operations</u>		
Net profit for the year attributable to the equity shareholders	82,06,871	(15,84,83,796)
Weighted average number of equity shares for Basic EPS	68,96,773	64,79,663
Weighted average number of equity shares - for diluted EPS	75,00,000	64,79,663
Par value per share	10.00	10.00
Earnings per share - Diluted	1.09	(24.46)

NOTES TO THE FINANCIAL STATEMENTS

29. Contingent Liabilities not acknowledged as debt:

	2013-14 Rs	2012-13 Rs
a) Bank Guarantees	1,35,72,629	1,55,98,729

30. Related Party Transactions :

A. Related Parties and their Relationship
(As identified and certified by the Management)

I. Associate Company : Granada Engineers Limited

II. Key Managerial Personnel (KMP) :

Ravi Vishnu : Chairman & Managing Director

III. Relatives of KMP : R. Sri Hari

Summary of the Transactions with the above Related Parties are as follows:

Nature of Transactions	Associate Companies		KMP and Relatives of KMP	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Remuneration & Perquisites	-	-	31,00,957	32,91,456
Loans and Advance given	1,00,000/-	-	-	-
Loans and Advances taken	-	-	(10,00,000)	-
Balance outstanding Receivable/ (Payable) as on Balance Sheet date	1,00,000/-	-	(10,00,000)	-

31. Segment Details

The Company is engaged in providing Information Technology Services which in the context of Accounting Standard – 17 issued by ICAI are considered to constitute one single segment

32. Dues to Micro, Small and Medium Enterprises:

The Company is seeking confirmation from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Based on confirmations received till date, the company believes that it does not have any outstanding dues towards Micro Small and Medium Enterprises. Further the company has not paid/accrued any interest under this MSMED Act.

33. Confirmations are not received in respect of the amounts relating to trade receivable, trade payables, loan & advances..

34. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Figures rounded off to the nearest rupee.

Note 1 to 34 form part of the Balance Sheet and have been authenticated.

For and on behalf of the Board

**-Sd-
Ravi Vishnu**
Managing Director

**-Sd-
A.Bhopal Reddy**
Whole Time Director

Place : Hyderabad
Date : 30-05-2014

**-Sd-
A. Arvind**
Company Secretary

CSS TECHNERGY LIMITED

CIN : U72200TG1994PLC017415

Regd. off: #6-1-85/10, Opp Telephone Bhavan, Saifabad, Hyderabad – 500 004.
Ph: +91-40-23230305, Website: www.csstechnergy.com, Email: comsec@csstechnergy.com

(Please present this at the entrance of the meeting venue)

ATTENDANCE SLIP

I hereby state that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General

Meeting of the Company held on 30-09-2014 at Film Nagar Cultural Centre, Dr. D. Rama Naidu Building, Road No. 6, Jublihill, Hyderabad - 500 033, India, or/any adjournment thereof.

Name of the attending shareholder: _____

(in block letters)

Name of the proxy: _____

(to be filled in if proxy attends)

Signature of shareholder: _____

Signature of proxy: _____

Regd. Folio Number: Or DP/Client ID No. _____

Number of shares held: _____

Note:

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they

come to the meeting and hand them over at the gate, affixing their signature on them.

2. Members are informed that no duplicate attendance slips will be issued at

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CSS TECHNERGY LIMITED

CIN: U72200TG1994PLC017415

Regd. off: #6-1-85/10, Opp Telephone Bhavan, Saifabad, Hyderabad – 500 004.
+91-40-2323 0305 , Website: www.csstechnergy.com Email: comsec@csstechnergy.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name and Address of the Shareholder(s)

E-mail id : Folio No./ Dpid & Client id :

I/We being the member(s) ofShares of CSS Technergy Limited, hereby appoint

1. Name : Email id :

Address :

Signature :

Or failing him

2. Name : Email id :

Address :

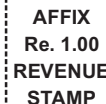
Signature :

Or failing him

3. Name : Email id :

Address :

Signature :



Ordinary Business:

1. To receive, consider and adopt, the audited statement of profit and loss for the financial year ended on 31 March 2014 and the balance sheet as at that date and the reports of the board of directors and auditors thereon.
2. To appoint Director in place of Mr. D. Vikram Reddy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary resolution.
4. To appoint a Director in place of Mr. T. Venkateswara Prasad, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Mr. T. Krishna Rao, who retires by rotation and being eligible, offer himself for re-appointment.
6. To appoint a Director in place of Wg Cdr V L Nanda Kumar, who retires by rotation and being eligible, offer himself for re-appointment.
7. To appoint a Director in place of Mr. V. Sivarama Krishna Murthy, who retires by rotation and being eligible, offer himself for re-appointment.
8. To appoint Mr.A.Bhopal Reddy as the Whole Time Director of the Company and fix remuneration.
9. Borrowing in excess of paid up share capital and free reserves subject to ceiling of Rs.15 crores.
10. Hypothecation, mortgaging, charge etc of properties for loans upto Rs.15 crores.

Signed this day of 2014.

Signature of Shareholder Signature of Proxyholder(s)

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CSS TECHNERGY LIMITED

CIN: U72200TG1994PLC017415

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+91-40-2323 0305 , Website: www.csstechnergy.com Email: comsec@csstechnergy.com

BALLOT FORM

(Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1) (C) of the Companies (Management and Administration) Rules, 2014

Serial No. :

1. Name (s) Shareholder(s) Including :
Joint Holders if any (in Block Letters)
2. Registered Address of the Sole / :
First name Shareholder / Beneficial Owner
3. Registered Folio No./DPID No/Client ID No. :
4. Class of Shares :
5. I/We hereby exercise my/our vote in respect of the following Resolutions to be passed 20th Annual General Meeting of the Company, to be held on Tuesday, 30th September 2014 at Film Nagar Cultural Centre, Dr. D. Rama Naidu Building, Road No. 6, Jublihill, Hyderabad - 500 033, India for the business stated in the Notice of the Company dated 7-8-2014 by sending my / our assent or dissent to the said Ordinary Resolution by placing tick (✓) (X) mark at the appropriate box below :

Resolution No.	Resolution Item	No of Shares held	I/We assent to the Resolution	I/We dissent to the Resolution
Ordinary Business				
ITEM - 1	Adoption of the audited balance sheet, statement of profit and loss, accounts for FY 2013-14, etc.			
ITEM - 2	Appointment of Mr. D. Vikram Reddy as a Director			
ITEM - 3	Appointment of M/s Rambabu & Co as Statutory Auditors of the Company			
Special Business				
ITEM - 4	Ordinary Resolution : Appointment of Mr. T.V. Prasad as an Independent Director			
ITEM - 5	Ordinary Resolution : Appointment of Mr. T.Krishna Rao as an Independent Director			
ITEM - 6	Ordinary Resolution : Appointment of Wg.Cdr V.L. Nanda Kumar as an Independent Director			
ITEM - 7	Ordinary Resolution : Appointment of V. Siva Rama Krishna Murthy as an Independent Director			
ITEM - 8	Ordinary Resolution : Appointment of Mr. A. Bhopal Reddy as the Whole Time Director			
ITEM - 9	Ordinary Resolution :Borrowing in excess of paid up share capital and free reserves subject to ceiling of Rs.15 crores			
ITEM - 10	Ordinary Resolution : Hypothecation, mortgaging, charge etc of properties for loans upto Rs.15 crores			

Place :

Date :

Note : Last date for receipt of Postal Ballot forms by the Scrutinizer : 27th September 2014

Signature of the Shareholder

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**Book Post
Printed Matter**

If undelivered, please return to :

CSS TECHNERGY LIMITED

CIN : U72200TG1994PLC017415

Regd. Off : # 6-1-85/10, Opp. Telephone Bhavan,
Saifabad, Hyderabad - 500 004.

Ph : +91-40-23230305/6, Fax : +91-40-23230313

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