

FORM A

Covering letter to the annual audit report to be filed with the stock exchange pursuant to clause 31 of the Listing Agreement

1	Name of the Company	Kellton Tech Solutions Limited
2	Annual financial statements for the year ended	30 th June 2014
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable

for MAHESH,VIRENDER & SRIRAM
Chartered Accountants
(Reg No. 001939S)

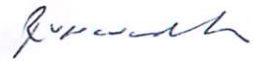


R.V.Chalam
Partner
(M.No 21423)

for Kellton Tech Solutions Limited



Krishna Chintam
Managing Director



Rajendra Vithal Naniwadekar
Audit Committee Chairman

Place: Hyderabad
Date : 26-Nov-2014

**Annual Report
2013-2014**



INFINITE POSSIBILITIES

KELLTON TECH SOLUTIONS LIMITED

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BOARD OF DIRECTORS

- | | | |
|------------------------------------|---|-------------------------------------|
| 1. Mr. Niranjan Chintam | - | Chairman |
| 2. Mr. Krishna Chintam | - | Managing Director |
| 3. Mr. Rajendra Vithal Naniwadekar | - | Independent, Non-Executive Director |
| 4. Mr. Brij Mohan Venkata Mandala | - | Independent, Non-Executive Director |
| 5. Mr. Srinivas Potluri | - | Independent, Non-Executive Director |

COMMITTEES OF THE BOARD

Audit Committee

- | | | |
|------------------------------------|---|----------|
| 1. Mr. Rajendra Vithal Naniwadekar | - | Chairman |
| 2. Mr. Brij Mohan Venkata Mandala | - | Member |
| 3. Mr. Krishna Chintam | - | Member |

Nomination & Remuneration Committee (formerly known as Remuneration Committee)

- | | | |
|------------------------------------|---|----------|
| 1. Mr. Rajendra Vithal Naniwadekar | - | Chairman |
| 2. Mr. Brij Mohan Venkata Mandala | - | Member |
| 3. Mr. Srinivas Potluri | - | Member |

Stakeholders Relationship Committee (formerly known as Shareholders/Investors Grievance Committee)

- | | | |
|------------------------------------|---|----------|
| 1. Mr. Krishna Chintam | - | Chairman |
| 2. Mr. Brij Mohan Venkata Mandala | - | Member |
| 3. Mr. Rajendra Vithal Naniwadekar | - | Member |

REGISTERED OFFICE

CIN: L72200TG1993PLC016819
Plot No. 1367, Road No. 45,
Jubilee Hills,
Hyderabad – 500 033
Telangana
Tel No - 040-44333030
Email id: info@kellontech.com
Website: www.kellontech.com



AUDITORS

M/s. Mahesh, Virender & Sriram
Chartered Accountants,
6-3-788/36 & 37A,
Durganagar Colony, Ameerpet
Hyderabad – 500 040, Telangana
Email Id: mvshyd@yahoo.com
Phone: 040-23401738

COMPANY SECRETARY

Ms. Padma Loya

PHYSICAL & DEMAT REGISTRARS

M/s XL Softech System Limited
3, Sagar Society, Road No. 2,
Banjara Hills, Hyderabad - 500 034
Telangana
Email ID: mail@xlsoftech.com
Phone: 040-23545913

BANKERS

Axis Bank
Corporate Banking Branch, Hyderabad – 500 034

Standard Chartered Bank
Jubilee Hills Branch - 500033

ICICI Bank
Khairatabad Branch - 500004

Karur Vysya Bank
Secundrabad - Branch - 500003

Indian Bank
Jubilee Hills Banch - 500033



LETTER TO SHAREHOLDERS

The financial year 2013-14 saw Kellton Tech set firmly on the path of robust growth despite persisting challenges in global economy. The results demonstrate that our multipronged strategy, balancing ambitious plans with pragmatic approach, is accruing long-term gains even as we are able to deliver on the commitments made to all stakeholders.

Close on the heels of acquisition of SkanDbyDx and Supremesoft last year, we acquired eVantage Technologies and VIVOS Professional Services this year. These newly acquired companies are based in New Jersey, USA. eVantage Technologies is a leading IT solutions provider and VIVOS is focused in offerings related to IT and life-sciences space. As we diversify organizationally, we are forming a kinetic mosaic, with its units agile but well-integrated all the same. The acquisition of VIVOS coincided with the disinvestment of 100% stake held by Kellton Tech in MCS Global, Inc. an existing subsidiary company.

The synergistic value of our acquisitions can be inferred from the huge jump in our financial performances - the revenue increased by 175% and profit improved by 71% in the last financial year. It testifies our success in completely integrating the acquired companies to form a coherent and cohesive organization.

The astronomical growth Kellton Tech achieved over the last three years won it the Deloitte Technology Fast 50 India 2014 Award, thereby recognizing it as among the 50 fastest growing technologies companies in India, based on revenue growth over last three years.

In retrospect, this year has indeed been remarkable as our efforts have travelled beyond business success and have translated to well-earned recognition at the national level. We owe this to our employees who were instrumental in this great leap forward with their dedication, technological expertise and business acumen.

Over the past year, our share-price rose by a whopping 550%. While what has been achieved is impressive, what remains to be achieved is challenging. We are confident that our continuing efforts will give further fillip to our share value and vindicate your faith in us.

On behalf of Kellton Tech, I take this opportunity to express our gratitude to each of you for reposing your trust on us even as we look forward to rise to greater heights in the future.

Thank you.

Sincerely

Sd/-

Niranjan Chintam
Executive Chairman



NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Kellton Tech Solutions Limited will be held at 11.00 A.M. on Monday, the 22nd day of December, 2014, at Hotel Kens, Plot No. 53, Sri Nagar Colony, Hyderabad - 500073, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 30th June, 2014, including the Audited Balance Sheet as at 30th June 2014 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To re-appoint Auditors of the Company to hold office for a period of one year from the conclusion of this Annual General Meeting and to fix their remuneration.

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and based on the recommendations of the Audit Committee, M/s. Mahesh, Virender & Sriram, Chartered Accountants (Firm Registration No. 001939S), Hyderabad, the retiring Statutory Auditors, be and are hereby re-appointed as the Statutory Auditors of the company, to hold office for a period of One Year from the conclusion of this Annual General Meeting to the conclusion of the 21st Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

3. Alteration of Articles of Association of the Company

To consider and if thought fit to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under consent of the members be and is hereby accorded for alteration of Articles of Association by replacing the existing Article No's. 109 and 118 of the Articles of Association of the Company by new Articles as provided below:

Article No. 109. At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for the time being or if their number is not three or multiple of three, then the number nearest to one third shall retire from office, and they will be eligible for re-election.

Provided nevertheless the Directors appointed as a Debenture Director, special 102, 103 and 105 hereof shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one-third shall retire from office under this Article.

Article No. 118. Subject to the provisions of the Act, the Board shall have power to appoint from time to time one or more Directors, to the office of the Managing Director and/or Joint Managing Director and/or Whole-time Director for such period and upon such terms and conditions as the Board of Directors may deem fit subject to the provisions of the Act. The Board may by resolution vest in such Managing Director, Joint Managing Director, Whole-time Director such powers hereby vested in the Board generally as it thinks fit and such powers may be exercisable for such period or periods and upon such conditions subject to the restrictions as it may determine. The Whole time Director or Managing Director will be liable to retire by rotation.

4. To appoint a Director in place of Mr. Krishna Chintam (DIN 01658145), who retires by rotation and being eligible offers himself for re-appointment.

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Krishna Chintam (DIN 01658145), Managing Director of the Company, retiring by rotation at this Annual General Meeting be and is hereby re-appointed as Director of the Company.”



5. Appointment of Mr. Rajendra Vithal Naniwadekar as an Independent Director

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Rajendra Vithal Naniwadekar (holding DIN 00032107), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 22.12.2014, not liable to retire by rotation.”

6. Appointment of Mr. Brijmohan Venkata Mandala as an Independent Director

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (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. Brijmohan Venkata Mandala (DIN 00295323), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 22.12.2014, not liable to retire by rotation.”

7. Appointment of Mr. Srinivas Potluri as an Independent Director

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (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. Srinivas Potluri (DIN 02128678), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 22.12.2014, not liable to retire by rotation.”

8. To Increase the Borrowing Powers of the Company

To consider and, if thought fit to pass the following Resolution as a Special Resolution:

“RESOLVED THAT consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the ‘Board’, which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) pursuant to Section 180(1) (c) and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) for borrowing from time to time such sum(s) of money in any manner, either in Rupee Currency and/or in Foreign Currency, including Foreign Currency Convertible Bonds etc., with or without security and on such terms and conditions as the Board may in its absolute discretion deem fit, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans from the Company’s Banker’s in the ordinary course of business) may exceed the aggregate for the time being of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose,



provided that the total amount of the moneys to be so borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's banker's in the ordinary course of business) and outstanding at any time shall not exceed the sum of Rs. 100 Crores (Rupees Hundered Crores) and the Board be and is hereby authorised, in its absolute discretion as it may think fit, to do all such acts, deeds and things which are necessary or incidental for the implementation of the said resolution."

9. Creation of Charge on assets of the Company

To consider and, if thought fit, to pass, the following Resolution as a Special Resolution:

"RESOLVED THAT consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the 'Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) pursuant to the provisions of Section 180(1)(a) and other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) for mortgaging and/or charging on such applicable terms and conditions for borrowings upto an amount of Rs. 100 Crores (Rupees Hundered Crores) at such time or times and from time to time and in such form or manner as the Board may in its absolute discretion deem fit, the whole or substantially the whole of the Company's any one or more of the undertakings including the present and/or future properties, whether movable or immovable comprised in any undertaking(s) of the Company, as the case may be, in favour of the banks, financial institutions, agent(s), trustee(s), Companies government(s) / other agencies or any other person(s), entities located in India or abroad, for the purpose of securing the borrowings of the Company already availed / to be availed including by way of loan(s) and securities (including fully/partly convertible debentures / Foreign Currency Convertible Bonds and / or non-convertible debentures / Bonds with or without warrants or other debt instruments) issued / to be issued by the Company from time to time, together with interest at the respective agreed rates, additional interest, compounded interest, accumulated interest, commitment charges, liquidated damages, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses including any increase as a result of fluctuation in the rates of exchange and all other monies payable by the Company in terms of Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other documents, entered into / to be entered into between the Company and the Lender(s) / Agent(s) and Trustee(s), in respect of the said loans/borrowings/debentures / Bonds and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) and the Board be and is hereby authorised to finalise, settle and authorize execution of such documents / deeds / agreements / papers etc. in this respect as and when necessary, and to do, in its absolute discretion as it may think fit, all such acts, deeds and things which are necessary or incidental for implementation of the said resolution.

By Order of the Board of Directors
for **KELLTON TECH SOLUTIONS LIMITED**

Place: Hyderabad
Date: 25/11/2014

Sd/-
Krishna Chintam
Managing Director
DIN: 01658145



NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.

2. **A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate Member(s) are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representative to attend and vote at the Annual General Meeting.

4. Members/proxies should bring duly filled Attendance Slip sent herewith, to attend the meeting.

5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. The Register of Members and Share Transfer Books of the Company will remain closed from 20th day of December, 2014 to 22nd day of December, 2014 (both days inclusive).

7. As an austerity measure, copies of the Annual report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

8. Members who hold shares in electronic form are requested to write their DP ID and Client ID number and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification for membership at the Meeting.

9. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to the Company. Such Changes intimated will then be reflected in the Company's records which will help the Company to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company.

10. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s XL Softech System Limited.

11. Pursuant to Section 72(1) of the Companies Act, 2013, read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The prescribed nomination Form No. SH-13 can be obtained from the Share Transfer Agent or may be downloaded from the website of the Company.

12. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit. Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to please promptly provide their details (name, folio no., e-mail id) to the Registrar and Transfer Agent of the company. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.



The annual report and other communications/documents sent electronically would also be displayed on the Company's website: www.kelltontech.com. As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you. We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, M/s XL Softech Systems Limited., in the interest of the environment.

13. The equity shares of the Company have been notified for compulsory trading in demat form. The Company has signed a tripartite agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and M/s XL Softech Systems Limited to facilitate dematerialization of shares. Members are requested to avail of this facility and have their shareholding converted into dematerialized form. This would be necessary for facilitating the transfers of Company's Equity shares in all Stock Exchanges connected to the Depository System.

14. Members intending to seek clarification at the Annual General Meeting concerning the accounts and any aspect of operations of the company are requested to send their questions in writing to the secretarial department so as to reach the company at least 10 (ten) days in advance before the date of the Annual General Meeting, specifying the points.

15. All documents referred to in the notice and annexure thereto along with other mandatory registers/documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 AM to 01.00 PM, prior to the date of 20th Annual General Meeting.

16. The Register of Director Shareholding shall be open for inspection during the period beginning 14 days before the Annual General Meeting and ending 3 days after its conclusion.

17. Any director himself or any member intending to propose any person as a director other than a retiring director, has to give a notice as to his intention to propose him/her as a candidate for that office not less 14 (fourteen) days before the meeting along with deposit of Rs. 1,00,000 (Rupees One Lac).

18. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website: www.kelltontech.com for their download.

19. Members holding shares in physical form are requested to intimate any change in their respective addresses, bank mandates, etc., immediately to the Company's Registrar & Share Transfer Agent, M/s. XL Softech Systems Limited. Members holding shares in electronic form must send the intimation about the change of their respective addresses, bank mandates, etc., to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.

20. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.

21. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms an integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

22. Voting through electronic means:

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide facility to the members to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by CDSL.

The instructions for e-voting are as under:

i. The voting period begins at 9 A.M. on 16/12/2014 and ends at 6 P.M. on 18/12/2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. 21/11/2014 (End of Day) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.

iii. Click on Shareholders.



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	<p>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.</p>
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> <ul style="list-style-type: none"> • 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 as mentioned in instruction (iv).

viii. After entering these details appropriately, click on “SUBMIT” tab.

ix. Members holding shares in physical form will then directly reach 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 EVSN of KELLTON TECH SOLUTIONS LIMITED

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 same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. Note for Not- Individual shareholder and Custodian

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and custodian are required to log on to www.evoting.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

II. The Scrutinizers (Manoj Kumar Koyalkar of AGR Reddy & Co) Hyderabad shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

III. The results shall be declared on or before the AGM of the Company. The results along with the Scrutinizer's Report shall be placed on the Company's website <http://www.kelltontech.com> and on the website of M/s. XL Softech Systems Limited. Within two (2) days of passing of the resolutions at the AGM of the Company and be communicated to the Stock Exchanges.

By Order of the Board of Directors
for **KELLTON TECH SOLUTIONS LIMITED**

Place: Hyderabad
Date: 25/11/2014

Krishna Chintam
Managing Director
DIN: 01658145



EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 3

Section 152 of the Companies Act 2013, states, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation and further provides that “total number of directors” shall not include independent directors as defined under Sec 149 of the Companies Act 2013. In order to comply with the aforesaid provisions of the Companies Act, 2013, it is proposed to amend the Articles of Association to provide that the Managing Director or Whole Time Director(s) shall also be liable to retire by rotation.

Accordingly, it is proposed to amend Article No. 109 and 118 of the Articles of Association as set out in Item No. 3 of this Notice.

Pursuant to Section 14 of the Companies Act, 2013 approval of members is required by way of Special Resolution for alteration of Articles of Association.

The Board also informs that the amended copy of the Articles of Association of the Company will be available for inspection during the business hours except on Saturdays.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this Resolution. The Board commends the Special Resolutions as set out at Item no. 3 for approval of the Members.

The Board recommends the resolutions under Item no. 3 for approval by the shareholders of the Company.

Item No. 4

Members may please note that as the existing Articles of Association, do not permit Managing Director or Whole Time Director(s) liable to retire by rotation and Section 152 of the Companies Act 2013, states, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation and further provides that “total number of directors” shall not include independent directors as defined under Sec 149 of the Companies Act 2013. In order to comply with the aforesaid provisions of the Companies Act, 2013, it is proposed to amend the Articles of Association to provide that the Managing Director or Whole Time Director(s) shall also be liable to retire by rotation.

After amending the Articles of Association, the Company will be entitled to make the Managing Director or Whole Time Director(s) liable to retire by rotation, hence this resolution which is to be covered under Ordinary Business is moved to Special Business, after the resolution relating to Amendment of Articles of Association of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, except that of Mr. Krishna Chintam, in this Resolution. The Board commends the Ordinary Resolutions as set out at Item no. 4 for approval of the Members.

The Board recommends the resolution under Item no. 4 for approval by the shareholders of the Company.

Item No. 5 to 7:

Mr. Rajendra Vithal Naniwadekar, Mr. Brijmohan Venkata Mandala and Mr. Srinivas Potluri are the Non-Executive Independent Directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of Companies Act, 2013, the independent directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

The above said Directors, being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors for five (5) consecutive years commencing from 22.12.2014.

KELLTON TECH SOLUTIONS LIMITED



The Company has received from the above said directors

(i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014;

(ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013; and

(iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013;

Brief profile of the said Directors, nature of his experience in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is provided in the annexure to the Notice.

In the opinion of the Board, the above said Directors fulfils the conditions specified in the Companies Act, 2013 and rules made there under for appointment as Independent Directors of the Company. Copy of the draft letter for appointment of Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to avail the services of the above said Directors. Accordingly, the Board recommends the resolutions under Item no. 5 to 7 for approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, is concerned or interested, financially or otherwise, in these Resolutions.

The Board commends the Resolutions as set out at Item no. 5 to 7 for approval of the Members.

Item no. 8 & 9:

Members may note that pursuant to notification of Section 180 of the Companies Act, 2013, prior consent of the Shareholders by a special resolution is required to enable the Board of Directors to exercise the borrowing powers which, in aggregate, may exceed the paid-up capital and free reserves of the Company and to create charge on moveable / immoveable properties of the Company in favour of the lenders.

The Directors commend the resolution(s) set out at item No. 8 & 9 for your approval as Special Resolution (s).

None of the Directors, Manager, Key Managerial Personnel, and their relatives of the Company is interested or concerned in the said resolution except to the extent of their respective shareholding in the company.

By Order of the Board of Directors
for **KELLTON TECH SOLUTIONS LIMITED**

Place: Hyderabad
Date: 25/11/2014

Krishna Chintam
Managing Director
DIN: 01658145



DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	Krishna Chintam	Rajendra Vithal Naniwadekar	Brijmohan Venkata Mandala	Srinivas Potluri
Date of Birth	1-Feb-1969	07-08-1962	23-12-1966	10-09-1965
Date of Appointment	23/12/2008	23/12/2008	09/11/2012	31/12/2009
Qualifications	MBA	MBA	MBA	MBA
Expertise in specific functional areas	Information Technology, Marketing, Finance, Strategy and Operational Management	Indian Capital Market , corporate valuation, capital structure and acquisitions.	E-Governance, Business Development , Smart Cards Project	Systems integration and Large systems deployments
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 25)	8	9	3	Nil
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee and Shareholders/ Investors Companies Grievance Committee)	Nil	1	Nil	Nil
Number of shares held in the Company	451388	435066	Nil	100000



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of your Company for the financial year ended 30th June, 2014.

FINANCIAL RESULTS (Standalone)

The performance during the period ended 30th June, 2014 has been as under:

(Rs. in Lakhs)

Particulars	Current Year ended 30.06.2014	Previous year ended 30.06.2013
Income from Operations	3383.67	1451.09
Other Operating Income	-	0.52
Total Income	3383.67	1451.61
Total Expenditure	2817.75	1107.37
Profit / (Loss) from operations before other income, finance costs and exceptional items	565.92	344.24
Other Income	10.28	19.18
Finance Cost	186.75	60.00
Exceptional Items	-	-
Profit / (Loss) Before Taxation	389.44	303.41
Provision for taxation	-3.27	37.45
Net Profit / (Loss) for the period	392.71	265.97

REVIEW OF PERFORMANCE:

During the year under review, the overall performance of the Company was reasonable considering to the sector/market conditions.

During the year under review, Members will notice that the gross revenues have marginally improved by 133%, to 3383.67 lacs from 1451.61 lacs, while the Profit before Tax also increased by 28.35% to 389.45 lacs from 303.42 lacs.

The profit after tax also increased by 47.65% to Rs. 392.72 lacs from Rs. 265.97 lacs reported in the previous year. The earnings per share is Rs. 1.11 as compared to Rs. 0.75 in the previous year.

FINANCIAL RESULTS (Consolidated)

(Rs. in Lakhs)

Particulars	Current Year ended 30.06.2014	Previous year ended 30.06.2013
Income from Operations	13364.60	4854.97
Other Operating Income	2.53	6.36
Total Income	13367.13	4861.33
Total Expenditure	12289.18	4370.25
Profit / (Loss) from operations before other income, finance costs and exceptional items	1077.95	491.08
Other Income	17.24	53.63
Finance Cost	334.04	96.10
Exceptional Items	-	-
Profit / (Loss) Before Taxation	761.14	448.61
Provision for taxation	124.87	75.62
Extraordinary items (net of tax expenses)	-	-
Net Profit / (Loss) for the period	636.27	372.99

KELLTON TECH SOLUTIONS LIMITED



The Consolidated revenue of your Company for the year ended 30th June 2014 is 13367.13 lacs, as against previous year revenue of Rs. 4861.33 lacs. The consolidated Net Profit for the year stood at 636.27 lacs as against previous year consolidated net profit of 372.99 lacs.

DIVIDEND

Although your Company has earned profits during the year, the Board of Directors have decided to plough back the profits into the Company. Therefore, your Directors have not recommended any dividend for the FY 2013-14.

TRANSFER TO RESERVES

During the financial year under review, there were no transfers to Reserves.

SHARE CAPITAL:

During the year, there is no change in the Authorised Share Capital of the Company. The Authorised Share Capital is 23,50,00,000 divided into 4,70,00,000 number of shares of Rs. 5/- each.

The Paid up Share Capital has increased to Rs. 20,69,37,720 divided into 4,13,87,544 number of shares of Rs. 5/- each from Rs. 17,74,45,500 divided into 3,54,89,100 number of shares of Rs. 5/- each.

The Company in its Extraordinary General Meeting held on 22/04/2014 issued 78,00,000 warrants, out of which 58,98,444 warrants were covered into Equity shares and Paid-up Capital of the Company increased accordingly.

EMPLOYEE STOCK OPTION PLAN (ESOP)

In appreciation of the employees' contribution for the growth of the Company and to share wealth with the employees, the Company has announced Employee Stock Option Plan (ESOP 2012) where in the Company has approved grant of 6,65,000 options to the eligible employees.

A brief report on ESOP 2012 scheme is given in the Annexure to the Directors Report.

SUBSIDIARIES

The Company has invested in Kellton Tech Inc, USA by which it has become its wholly owned subsidiary company and Supremesoft Global Inc, USA and Eantage Solutions Inc, USA was acquired by Kellton Tech Inc, which is a wholly owned subsidiary to M/s Kellton Tech Solutions Limited.

Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Annual Report of the parent Company. Accordingly the Company has availed the exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Companies.

The Company has acquired Vivos Professional Services, LLC, a New Jersey, USA corporation by way of purchasing 100% of shares by Kellton Tech, Inc. USA, its wholly owned subsidiary. This acquisition of VIVOS coincides with Kellton Tech's disinvestment of 100% stake held by the Company in MCS Global, Inc. an existing subsidiary company.

A statement containing brief financial details of the subsidiaries for the financial year ended June 30, 2014 is given herein under. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the subsidiaries will also be available for inspection, as above, at registered office of the respective subsidiary companies.

KELLTON TECH SOLUTIONS LIMITED



STATEMENT PURSUANT TO GENERAL EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES:

Particulars/Name of the Subsidiary Company	Kellton Dbydx Software Private Limited	MCS Global Inc	Kellton Tech Inc
Reporting Currency	INR	USD	USD
Exchange Rate	NA	60.09	60.09
Capital	83.24	450.70	307.08
Reserve	204.80	637.66	379.34
Total Assets	590.76	1949.04	5229.38
Total Liabilities	302.72	860.68	4542.85
Investment Other Than investment in Subsidiary	Nil	Nil	Nil
Turnover	659.39	3137.82	6186.25
Profit Before Tax	57.05	163.94	478.59
Provision for Taxation	5.61	31.86	90.66
Profit After Tax	51.44	227.77	387.92
Proposed Dividend	Nil	Nil	Nil

DIRECTORS

Proposed Re-appointments

Approval of the shareholders is being sought for re-appointment of Mr. Krishna Chintam, who retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself for reappointment in accordance with the Articles of Association and Companies Act, 2013.

The Board recommends the above re-appointment.

The Company has, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with Stock Exchange appointed Mr. Rajendra Vithal Naniwadekar, Mr. Brijmohan Venkata Mandala and Mr. Srinivas Potluri as Independent Directors of the Company. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

In compliance of section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm: -

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2014 and of the profit of the Company for the financial year ended on that date;
- (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; and
- (iv) The annual accounts of the Company have been prepared on a 'going concern' basis;



CORPORATE GOVERNANCE

Your Directors' affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI). A report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is Annexed to this report.

MANAGEMENT DISCUSSION & ANALYSIS

A report on Management Discussion & Analysis forms part of this Annual Report.

CONSOLIDATION OF ACCOUNTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-27 on Financial Reporting of Interests in Joint Ventures your Directors have pleasure in attaching the Consolidated Financial Statements as part of the Annual Report.

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s. Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad, retire at this AGM, have signified their willingness for their re-appointment and have confirmed their eligibility under section 139(1) of the Companies Act, 2013. Members are requested to re-appoint them for a period of one year and to authorize the Board to fix their remuneration.

AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

BUSINESS RESPONSIBILITY REPORT (BRR)

Securities Exchange Board of India (SEBI) vide circular CIR/CFD/DIL/8/2012 dated August 13, 2012 has mandated the inclusion of BRR as part of the Annual Report for the top 100 listed entities based on their market capitalization on Bombay Stock Exchange Limited as at March 31, 2014. In view of the requirements specified, the company is not mandated for the providing the BRR and hence do not form part of this Report.

FIXED DEPOSITS

Your Company has not raised any Fixed Deposits as on 30th June, 2014 so as to attract the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There is no amount outstanding or due to any deposit holder.

COST AUDIT COMPLIANCE

As per the Companies (Cost Accounting Records) Rules, 2011 your company does not require to maintain Cost records and audit thereon

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees drawing remuneration in excess of the limits laid down in section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is not applicable as your company is not into manufacturing activity.



FOREIGN EXCHANGE EARNINGS AND OUTGO

	Standalone		Consolidated	
Foreign Exchange Earnings:	USD	1893899	USD	2393822
	GBP	23515	GBP	50471
	SGD	11004	SGD	136173
	CAD	4516	CAD	4516
			AED	25000
			HKD	293679
Foreign Exchange Outgo :	USD	135006	USD	142420
	GBP	100	GBP	100
	AED	1800	AED	1800
	SGD	11004	SGD	11004
	EURO	740	EURO	740
	AUD	977	AUD	977
	RAND	512	RAND	512
	TWD	439061	TWD	439061
	ZAR	8400	ZAR	8400

INDUSTRIAL RELATIONS

Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy. With vibrant work atmosphere, your Company provides an opportunity to employees to work with new technologies. Your company 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.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Equity Shares of the company are listed with the Bombay Stock Exchange Limited (BSE).

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the services of the Bankers, BSE, NSDL, CDSL and other statutory authorities. Your Directors also place on record their sincere appreciation and gratitude for the valuable assistance, support and co-operation from the Company's Customers, Employees and shareholders during the period under review.

By the order of the Board of Directors
for **KELLTON TECH SOLUTIONS LIMITED**

Niranjan Chintam
Executive Chairman
DIN: 01658591

Date: 25/11/2014
Place: Hyderabad

KELLTON TECH SOLUTIONS LIMITED



ANNEXURE TO THE DIRECTOR REPORT FOR THE YEAR ENDED 30TH JUNE 2014

Disclosure regarding Employees Stock Option Plan and forming part of the Directors' Report for the year ended 30th June, 2014

S. No	PARTICULARS	DESCRIPTION
1.	Grant date	31-Jan-2014
2.	Number of Options granted	6,65,000
3.	The pricing formula	Closing price of equity shares on the stock exchange where the shares are listed
4.	Number of Options vested	NIL
5.	No. of Options exercised	NIL
6.	Total number of shares arising as a result of exercise of option	NA
7.	No. of options lapsed	NIL
8.	Variation of terms of options	NA
9.	Money realised by exercise of options	NA
10.	Total number of options in force	6,65,000
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option	NA
12.	Vesting period for each grant	12-60 months
13.	Exercise period of each grant	3 years from vesting date
14.	The Stock Exchange where the Stock is listed and the date of listing of the shares in that Stock Exchange. If the stock is listed in more than one stock exchange,	BSE Limited
15.	Dividend declared by the company in last 3 years	Nil
16.	Face value per share	Rs. 5/- per share



MANAGEMENT DISCUSSION & ANALYSIS REPORT:

The following operating and financial review intends to convey the management's perspective on the financial condition and operating performance of the Company at the end of Financial Year 2013-14. The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principle (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used there. The estimates and judgments on the financial statements are made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs profits and cash flows for the year.

1. INDUSTRY OVERVIEW:

Indian IT organizations had a good year with respect to monetary performance, determined by elements, such as, the change in the nature of administration offerings, stable and progressive environment. Indian IT firms are continuously moving up the quality chain by giving more end-to-end solutions and engaging with the clients much more. Furthermore, the companies are increasingly dependent on internal cost improvement measures to enhance benefit.

The new Indian government is stressing on more innovatedelivery mechanisms for majority government ventures. With the new digital India mission being propagated, the domestic market for software services anticipates a positive future. The Indian IT/ITES industry earned revenue of over US\$ 109 billion during FY13. Out of this, exports accounted for 69.7% of the industry's revenue.

2. BUSINESS

2.1 OVERVIEW

Kellton Tech Solutions Limited is a global software services company providing consulting, systems integration, and outsourcing solutions to clients in key industry verticals worldwide. We provide a mix of expert industry knowledge, process and technology framework, robust associations, and a skilled, global workforce to offer solutions that create viable results.

The Company's full services portfolio consists of Consulting, Enterprise Solutions, Application Development and Management, Internet and Emerging Technologies, Information Management, Outsourcing Services and Mobility Solutions.

2.2 STRATEGY:

Our objective is to maximize shareholder value and enhance our position as a leading provider of information technology, consulting and business process services. We have adopted a two-dimensional approach for development of the business. One is the acquisition led development opportunity which is being tapped while the other is in line with our natural organic growth. The Company has been on the lookout for growth opportunities to effectively utilize the surplus cash generated. Making deeper advances into the current markets remains a vital part of our development method as it keeps on tending to USA, Europe, Asia-Pacific and India markets. We are focusing on USA and Europe, while we are moving our senior management closer to our clients.

2.3. TECHNOLOGY:

Kellton Tech Solutions Limited's customized offerings meet a wide range of customers' needs. While offering a cluster of services, the company strives to innovate in a timely manner; according to customer insights. Several of the R&D outcomes have now moved into the mainstream business in the form of assets, solutions, frameworks, tools and products.



3. OUTLOOK, RISKS AND CONCERNS.

3.1 OUTLOOK

The global economy is showing signs of recovery. Developed markets are indicating much better signs of recovery but there exists a sense of alert which is controlling all business development and consumption choices. The IT industry is an exceedingly skill-driven commercial enterprise. Accessibility of skilled workforce, controlling operational overheads and compensation levels are vital elements to scale. The uncertainties in the global market, business model redundancy, supply side risks and financial risks are the major threats faced by IT industry.

Monetary fluctuations and IT laws in different countries will control the rate and pace of development of the business. Increased overheads, inflation, higher wages will help other economical nations to position themselves as tough competitors for the Indian IT industry. In spite of the fact that there are not many nations with talented & English-speaking young workforce as in India, there may be some competition from few nations.

3.2 RISKS AND CONCERNS:

While compensation levels are low in India than in the United States and other developed nations for equally skilled people, compensation in India has increased at a much more rapid rate than in the United States. In case, this pattern continues it would bring about increased cost for our skilled workforce and along these lines plausibly decrease our operational margins. Additionally, there is no confirmation that in future, competitiveness for talented experts won't drive compensations higher in India, bringing about increase in cost for our specialized experts and result in decreased profits.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

The Company's Internal Audit Department is regularly carrying out the Audit in all areas. Additionally the Audit committee is reviewing all Audit Reports with significant control, all issues raised by internal and external auditing regularly, reports on the business development, all the past and the future plans are given to the Board of Directors, Internal Auditor's reports are regularly circulated to all the senior management to comply with the findings. Normal forcible risks of the Company's Assets are adequately covered by comprehensive insurances.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE - STANDALONE.

During the year under review, your company has earned revenue of Rs 3383.67 lacs and profit of Rs. 392.71 lacs and consolidated revenue of Rs. 13367.13 lacs and profit of Rs. 636.27 lacs.

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES.

The Company's innovative human resources management strategies supported its business growth in a challenging environment. The Company's HRD policy focuses on creating an environment where performance is rewarded, individuals are respected and associates get opportunities to realize their potential.

The Company's Corporate HRD policy emphasizes on continuous, increased quality and commitment of its employees in order to succeed in the achievement of the corporate goals. The company provides employee development opportunities by conducting training programs to equip the employee with upgraded skills enabling them to adapt to the contemporary technological advancements.

The HRD Team strive for the enhancement of Human Resources Organization, systems, processes and procedures, using the principles of continuous quality improvement that incorporate quality service and excellent performance standards, increased accountability and maximizes cost-effectiveness.



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 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.

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes in and has consistently endeavored to practice good corporate Governance. The Company's Philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders and employees.

2) SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS

The current policy is to have an appropriate mix of Executive and Independent Non-Executive Directors. As on date the Board comprises of 5 members, two of whom are Executive Directors and three are Independent Non-Executive Directors. Two of the executive directors are the Founders. The Board periodically evaluates the need for change in the composition and size.

a) Composition and Category of directors as on 30th June, 2014.

Category	No. of Directors
Promoter Directors	2
Non-Executive Non Independent Directors	0
Non-Executive Independent Directors	3
Total	5

The composition of the Board is in conformity with clause 49 of the Listing Agreement entered with the Stock Exchanges.

SL.No.	Name of the Director	Category	Designation	No. of Board Meetings held	No. of Board Meetings Attended	Attendance in last AGM held on 27.12.2013
1	Mr. Krishna Chintam	Promoter, Executive	Managing Director	16	16	Present
2	Mr. Niranjana Chintam	Promoter, Executive	Director	16	16	Present
3	Mr. Rajendra Vithal Naniwadekar	Independent Non – Executive	Director	16	13	Present
4	Mr. Potluri Srinivas	Independent Non – Executive	Director	16	7	Present
5	Mr. Brij Mohan Venkata Mandala	Independent Non – Executive	Director	16	13	Present

b) Number of other Directorships and Company Memberships as on 30.06.2014

Sl.No:	Name of Director	Other Directorships*	Committee Membership	Committee Chairmanship
1	Mr.Krishna Chintam	1	1	1
2	Mr. Niranjan Chintam	Nil	Nil	Nil
3	Mr. Rajendra Vithal Naniwadekar	3	1	Nil
4	Mr. Potluri Srinivas	Nil	Nil	Nil
5	Mr.Brij Mohan Venkata Mandala	Nil	Nil	Nil

* excluding foreign companies and private companies

c) Number of Board Meetings held and the date on which held:

16 (sixteen) Board Meetings were held during the year. The maximum gap between any two meetings was not more than four months.

The dates on which the Board meetings were held are as follows:

Quarter	No. of Meetings	Dates on which held
July- September 2013	2	04/07/2013 and 29/08/2013
October – December 2013	5	18/10/2013, 14/11/2013, 27/11/2013, 05/12/2013 and 27/12/2013
January – March 2014	4	29/01/2014, 05/02/2014, 14/02/2014 and 28/03/2014
April – June 2014	5	22/04/2014, 05/04/2014, 14/05/2014, 24/06/2014 and 30/06/2014
Total	16	

d) Pecuniary relationship or transactions of Non-Executive Directors:

Apart from receiving director's remuneration, non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

e) Code of Conduct for the Board & Senior Management Personnel:

The Company has formulated and implemented a Code of Conduct for all its Non-Executive Directors and for Executive Directors and Senior Management Personnel of the Company in compliance with Clause 49(I)(D) of the Listing Agreement.

f) CEO/CFO Certification:

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and Whole-time Director have certified to the Board the financial statements for the year ended 30th June, 2014.

3) BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee cum compensation committee (formerly known as Remuneration Committee and 3) Stakeholders Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committee). The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and related attendance is provided below.



A) AUDIT COMMITTEE

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee consists of a combination of Executive Directors and Non Executive Independent Directors and assists the Board in fulfilling its overall responsibilities.

l) Brief description of terms of reference

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Review, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions;
 - (vii) Qualifications in the draft audit report.
- e. Review, with the management, the quarterly financial statements before submission to the board for approval;
- f. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- g. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- h. Discussion with internal auditors any significant findings and follow up there on;
- i. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- l. Review the functioning of the Whistle Blower mechanism, in case the same is existing;
- m. Carry out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

During the year, the Audit committee has met 4 (four) times. Attendance of each member at the committee meeting were as follows:

ii) Composition, name of members and Chairperson

The Audit Committee comprises of the following directors.

S. No.	Name of the Member	Status
1	Mr.Rajendra Vithal Naniwadekar	Chairman
2	Mr.Brij Mohan Mandala	Member
3	Mr. Krishna Chintam	Member

iii) Meetings and attendance during the year 2013 - 14

S. No.	Name of the Member	Meetings held during the year	Meetings attended
1	Mr.Rajendra Vithal Naniwadekar	4	4
2	Mr.Brij Mohan Mandala	4	4
3	Mr. Krishna Chintam	4	4

B) NOMINATION AND REMUNERATION COMMITTEE CUM COMPENSATION COMMITTEE (FORMERLY KNOWN AS REMUNERATION COMMITTEE)

i) Brief description of terms of reference

As Remuneration Committee

The Committee shall determine the policy on specific remuneration packages for executive directors including pension rights and any compensation payment. In the absence of any such policy the Committee shall determine the remuneration package for executive directors on case to case basis, as and when required. Besides, it also determine Remuneration to the relatives of Directors, if any

As Compensation Committee

Function as a Compensation Committee with the requisite powers and authority as envisaged under the Guidelines, including Kellton Tech Solution Employee Stock Option Scheme 2012.

ii) Composition, name of members and Chairperson

The Remuneration Committee comprises of the following directors

S. No.	Name of the Director	Status
1	Mr.Rajendra Vithal Naniwadeka	Chairman
2	Mr.Brij Mohan Mandala	Member
3	Mr.Potluri.Srinivas	Member



iii) Meetings and Attendance during the year 2013-14:

Name of the Member	Meetings held during the year	Meeting Attendance
Mr.Rajendra Vithal Naniwadeka	4	4
Mr.Brij Mohan Mandala	4	4
Mr.Potluri.Srinivas	4	2

The Remuneration committee has been constituted to recommend / review the Remuneration packages of the Executive Directors.

An amount of Rs. 60,00,000/- was paid as Managerial Remuneration to the Executive Directors during the year ending 30.06.2014

C) SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

Shareholders / Investors Grievance Committee consist of the following Directors as on 30.06.2014

S. No.	Name of the Director	Status
1	Mr. Krishna Chintam	Chairman
2	Mr.Brij Mohan Mandala	Member
3	Mr. Rajendra Vithal Naniwadekar	Member

The Committee reviews redressing of Shareholders and investors Complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, and various Investor Forums. The Committee also oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor's services.

- i) **Name and Designation of Compliance Officer:** Mr. Krishna Chintam
Address: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033
Contact Details: Tel: 040-44333030, Fax: 040-66660451 & Email ID: compliance@kelltontech.com
- ii) Details of complaints for the year 2013-14 : Nil
- iii) Details of requests received for the year 2013-14 is as follows :

S. No.	Nature	Numbers	
1.	Transfer of Shares	05	2500
2.	Dematerialization	14	509,825
3.	Rematerialization	Nil	Nil
4.	Loss of Shares / Duplicate Shares	Nil	Nil
5.	Total	19	512,325

All the requests were approved and dealt with and there were no pending valid requests as on 30th June, 2014.

D) GENERAL BODY MEETING:

i) Location, date, time and details of Special Resolutions passed in the Annual General Meetings held during the preceding three years are given below:

Financial Year	Date	Venue	Time	Details of Special Resolutions
2012-13	07.12.2013	Hotel Kens, Plot No 53, Sri Nagar Colony, Hyderabad – 500 073, Andhra Pradesh	11.00 A.M.	1. Variation in terms of appointment of Mr Niranjan Chintam 2. Variation in terms of appointment of Mr Krishna Chintam. 3. To Consider and Approve Share Warrants. 4. Issue of Equity shares to the employees of the company 5. Issue of Equity shares to the employees of the subsidiary company
2011-12	07.12.2012	Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Near MLA Colony, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh	11.00 A.M.	1. Approve Employee Stock Option Plan 2012
2010-11	22.12.2011	22-240/5, Nandhita Complex, Opp. KPHB Colony, Kukatpally, Hyderabad	11.00 A.M.	Nil

ii) An Extraordinary General Meeting was held on 22/04/2014 to consider and approve the issue of share warrants in supersession of the Special Resolution passed at the 19th Annual General Meeting of the Company and in pursuant to Section 81(1A) of the Companies Act, 1956.

E) DISCLOSURES

i) There are no significant related party transactions with the Company's Promoters, Directors, the Management or relatives that may have potential conflict with the interest of the Company at large.

Related party transactions have been disclosed in Notes to the Annual Accounts

(ii) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as the regulations and guidelines of SEBI. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

(iii) The information on Directors seeking appointment/ re-appointment is provided in the notes to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting".

(iv) The minutes of the Committee meetings are placed before every Board Meeting for its approval/ confirmation.

(v) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

(vi) The Company has not adopted any of the non-mandatory requirements except the remuneration committee as mentioned in Annexure ID of Clause 49 of the Listing Agreement.

(vii) The shareholding of the Non –Executive Directors in the Company as on June 30, 2014 is as under:

S No.	Name of the Director	Equity Shares
(i)	Mr. Brij Mohan Mandala	Nil
(ii)	Mr. Rajendra Naniwadekar	435,066
(iii)	Mr. Srinivas Potluri	100,000

(viii) As required under Clause 49 VII of the Listing Agreement, certificate is given as an annexure to the Directors' Report.



- (ix) As required under Clause 49 I D ii of the Listing Agreement, the declaration issued by the Managing Director is provided in the Annual Report.

F) MEANS OF COMMUNICATION

Quarterly Results

- (i) Quarterly Results are normally published in the all India editions of the Business Standard (National Daily) and Praja Shakthi (Regional Newspaper) along with the official news release.
- (ii) All material information about the Company is promptly sent through facsimile / letters to the Bombay Stock Exchange Limited.
- (iii) The quarterly results and other official news release are displayed on the website of the company: www.kelltontech.com
- (iv) The Management Discussion and Analysis Report is attached and forms part of the Annual Report.

G) GENERAL SHAREHOLDERS INFORMATION

I. 20th Annual General Meeting:	Date : 22nd December, 2014 Time : 11.00 AM Venue: Hotel Kens, Plot No.53, Sri Nagar Colony Hyderabad - 500 073, Telengana
II. Financial Year	1st July to 30th June
III. Date of Book Closure	20th December, 2014 to 22nd December, 2014 Both days inclusive
IV. Listing on Stock Exchanges	Bombay Stock Exchange Ltd,(BSE) P.J Towers, Dalal Street, Mumbai – 400 001
V. Stock Code/Symbol	519602 & KELLTONTEC
VI. Annual Listing fees to Stock Exchanges (BSE)	Listing Fees as applicable have been paid.
VII. Registrar & Share Transfer Agents	M/s XL Softech Systems Limited, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana Tel: 040 23545913 Fax: 040 23553214 Email: mail@xlsoftech.com
VIII. Depositories for Equity Shares	NSDL & CDSL ISIN: INE164B01014

H) GREEN INITIATIVE FOR PAPERLESS COMMUNICATIONS:

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular bearing no.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 issued by the Ministry of Corporate Affairs, Companies can now send various notices/ documents to their shareholders through electronic mode to the registered e-mail addresses of the shareholders. This is a golden opportunity for every member of the Company to contribute to the Corporate Social Responsibility initiative of the Company.

This move by the Ministry is a welcome move, since it will benefit the society at large through reduction in paper consumption and contribution towards a greener environment. Additionally, it will avoid loss in postal transit, save time, energy and costs.

By Understanding the underlying theme of the above circulars, to support this green initiative of the Government in full measure, the company hence forth proposes to send documents like notice convening general meetings, financial statements, directors reports, auditor's report etc to the email address registered with the depositories by the share holders holding shares in electronic form and for shareholders holding shares in physical form with the Registrar and Share transfer Agents of the Company.

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In this regard, we request members who have not registered their email addresses, so far to register their email addresses, in respect of electronic holding with depository through their concerned depository participants Members who hold shares in physical form are requested to fill and send the required details in the Green Initiative form available in the Annual Report and Members can also download the form Company's website: www.kelltontech.com and forward to the Registrar and Share Transfer Agent, M/s. XL Softech System Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034

I) MONTHLY HIGH AND LOW QUOTATIONS FOR SHARES TRADED IN BSE DURING THE YEAR 2013-2014

i) Stock Market Data

Month & Year	High (Rs.)	Low(Rs.)	Volume (Nos)
July, 2013	9.9	7.8	1541
August, 2013	8.5	7.5	1150
September, 2013	10.33	7.5	1147
October, 2013	10	8.5	929
November, 2013	10.75	7.75	1131
December, 2013	10.40	7.25	1683
January, 2014	11.38	9.00	712
February, 2014	11.65	8.16	284
March, 2014	11.00	8.00	521
April, 2014	10.48	8.51	394
May, 2014	10.40	7.75	432
June, 2014	10.50	7.83	792

ii) The listing fee for the year 2013-2014 has been paid to the Bombay Stock Exchange Limited, Mumbai.

iii) Registrar & Share Transfer Agents : M/s XL Softech Systems Limited
3 Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034,
Telangana
Tel: 040 23545913
Fax: 040 23553214E
Email: mail@xlsoftech.com

iv) The Company's shares are covered under the Compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has put in processes for physical share transfers and the same have been reviewed by the Investors Grievance Committee. Shares received for physical transfer are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects. As regards shares held in Electronics form, the credit being given as per guidelines issued by SEBI/NSDL/CDSL.

v) Share Transfer System:

All the physical share transfers received are processed by the Share Transfer agents, M/s XL Softech Systems Limited, Hyderabad. The Company's shares are being traded in compulsory Demat form. The company has already entered into agreement with both the depositories i.e. NSDL and CDSL, for dematerialization of shares, which enables the shareholders to hold and transfer shares in electronic form.

J) CAPITAL BUILD UP DURING THE FINANCIAL YEAR

During the year under review there is no change in Authorised Capital whereas The Paid up Share Capital has increased to Rs. 20,69,37,720 divided into 4,13,87,544 number of shares of Rs.5/- each from Rs. 17,74,45,500 divided into 3,54,89,100 number of shares of Rs.5/- each.



K) SHAREHOLDING PATTERN AS ON 30TH JUNE, 2014:

Category	No. of shares held	Percentage of shareholding
Promoters	9,42,776	2.28
Promoters Body Corporate	2,46,34,394	59.52
Mutual funds / UTI	Nil	Nil
Financial Institutions /Banks	Nil	Nil
Foreign Institutional Investors	Nil	Nil
Venture Capital Funds	Nil	Nil
Bodies Corporate	3,54,04,63	8.55
Foreign Bodies Corporate	Nil	Nil
Retail individuals/NRIs/Trusts /others	1,22,69,911	29.65
Total	4,13,87,544	100

L) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 30TH JUNE, 2014:

Category (by no. of shares held)	Share Holders		Share Holders	
	Number	% of Total	Number	% of Total
UPTO – 5000	2413	68.52	543094	1.31
5,001 – 10,000	539	15.30	450272	1.09
10,001 – 20,000	249	7.07	392432	0.95
20,001 -30,000	82	2.33	205115	0.50
30,001 -40,000	37	1.05	134999	0.33
40,001 – 50,000	49	1.39	232582	0.56
50,001 – 1,00,000	63	1.79	483540	1.17
1,00,001 – Above	90	2.56	38945510	94.10
Total	3522	100%	41387544	100%

M) DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company appointed M/s. XL Softech Systems Limited as a Depository Transfer Agent (DTA) and signed tripartite agreements with NSDL/CDSL and M/s XL Softech Systems Limited to facilitate dematerialization of shares. Shares received for dematerialization are generally confirmed, within a period of 10 days from the date of receipt, if the documents are clear in all respects. As on 30.06.2014, 82.55% of Companies Share Capital was dematerialized.

Liquidity of Shares: The shares of the Company are traded in the Stock Exchange, Mumbai (BSE)

Share Dematerialization Records:

The following data indicates the extent of Dematerialization of company's shares as on 30th June, 2014:

No. of Shares in Demat form	% of the total Share Capital
34580556	83.55%

N) OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

As on 30-June -2014, there was 19,01,556 partly paid share warrants of Rs 15 each including premium of Rs 5.



O) SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

P) ADDRESS FOR CORRESPONDENCE:

i) For transfer / dematerialization of shares and any other query relating to the shares of the Company.

M/s XL Softech Systems Limited
3 Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034, Telangana
Tel: 040 23545913
Fax: 040 23553214
Email: mail@xlsoftech.com

ii) For correspondence with the Company

Secretarial Department,
M/s. Kellton Tech Solutions Limited,
Plot No. 1367, Road No. 45,
Jubilee Hills,
Hyderabad - 500 033, Telangana
Ph: 91-040-44333030; Fax: 040-66660451
Email: compliance@kelltontech.com
Website: www.kelltontech.com

Q) PROFILES OF DIRECTORS TO BE RE-APPOINTED ON RETIREMENT/EXPIRY OF TERM OF APPOINTMENT

As required under Clause 49(IV)(G)(I) of the Listing Agreements with the Stock Exchange, particulars of Directors seeking appointment/re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on December 22, 2014

R) CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A Declaration signed by the Managing Director is furnished here under.

S) DETAILS OF UNCLAIMED SHARES

Pursuant to Clause 5A (II) of the Listing Agreement, the Company has to transfer all the physical share certificates lying with the Company to the Suspense Account and also to dematerialize the same.

Postal Return cases as per the records of the registrar were initially transferred to Suspense Account. A demat account under the name 'Kellton Tech Solutions Limited - Unclaimed Suspense Account' was opened by the company and the unclaimed shares in respect of 374 shareholders for 502825 equity shares were transferred to the said account on 05-June-2014.

Pursuant to Clause 5A of the Listing Agreement, the voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares will claim the shares.

KELLTON TECH SOLUTIONS LIMITED



Particulars	No. of Shareholders	No. of Equity Shares of Rs 5 each
Aggregate number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year	374	5,02,825

Full details of the unclaimed shares, So transferred, were placed on the website of the Company.

T) DEPOSITORY SERVICES:

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.

Trade World, 4th Floor
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.
Tel : 091-022-24994200
Fax: 091-022-24972993/24976351
Email : info@nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai - 400023.
Tel : 091-022-22723333
Fax : 091-022-22723199
Email : investors@cdslindia.com
Website : cdsindia.com

U) NOMINATION FACILITY:

Pursuant to Section 72(1) of the Companies Act, 2013, read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The prescribed Nomination Form SH-13 can be obtained from the Share Transfer Agent or may be downloaded from the website of the Company.

V) COMPANY'S POLICY ON PREVENTION OF INSIDER TRADING:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading.

Mr. Krishna Chintam had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

DECLARATION

As required under Clause 49(ID) of the Listing Agreement, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2013-14.

Place: Hyderabad
Date: 25/11/2014

Krishna Chintam
Managing Director
DIN: 01658145



CERTIFICATION BY CEO/ CFO OF THE COMPANY

We, Niranjan Chintam and Krishna Chintam, Executive Chairman and Managing Director respectively, of Kellton Tech Solutions Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 30th June, 2014 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair views of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) Significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place : Hyderabad
Date : 25/11/2014

Sd/-
Niranjan Chintam
Director
DIN: 01658591

Sd/-
Krishna Chintam
Managing Director
DIN: 01658145

KELLTON TECH SOLUTIONS LIMITED



AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To,

The Member of
KELLTON TECH SOLUTIONS LIMITED

1. We have reviewed the implementation of Corporate Governance by Kellton Tech Solutions Limited (the Company) during the year ended 30th June, 2014, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company as per the records maintained by the Shareholder's/Investors Grievance Committee.

3. We state that no investor grievance are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's/Investors Grievance Committee.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect of the Company.

for **Mahesh, Virender & Sriram**
Chartered Accountants,
Reg No.001939S

Place: Hyderabad
Date: 25/11/2014

Sd/-
(B R Mahesh)
Partner
M.No. 18628

KELLTON TECH SOLUTIONS LIMITED



REPORT OF INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENT

To The Members of
Kellton Tech Solutions Limited
Plot No 1367, Road No 45,
Jubilee Hills,
Hyderabad – 500 033,
Telangana.

Report on the Financial Statements

We have audited the accompanying financial statements of Kellton Tech Solutions Limited (the Company), which comprise the Balance Sheet as at June 30, 2014, 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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 30th June, 2014.
- b. In the case of Profit and loss account, of the profit for the year ended on that date.
- c. In the case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under 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.
- e. On the basis of the written representations received from the directors as on March 31, 2014, 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 Section 274(1)(g) of the Act.

Sd/-

For Mahesh Virender & Sriram
Chartered Accountants
Registration Number – 001939S

B R Mahesh
Partner
Membership No - 018628

Place: Hyderabad
Date: 29/8/2014



ANEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under “ Report on other legal and regulatory requirements section our report of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. A. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
B. A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable having regard to the size of the company and nature of its visits. No material discrepancies were noticed on such verification.
C. During the year, the company has not disposed off any substantial part of the fixed assets.
- ii. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. The Company has taken and granted unsecured loan with companies, firms or other parties covered in the register in the register maintained under section 301 of the Companies Act, 2013. The terms & conditions of such transactions are not prejudicial to the interests of the company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of plant and machinery, equipment and other assets.
- v. In our opinion according to the information and explanation given to us, there are no transactions that need to be entered in pursuance of section 301 of the Companies Act 2013.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of deposit) rules 1975 apply.
- vii. The internal audit system of the commensurate with the size of the Company.
- viii. Maintenance of cost records by the company has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 2013.
- ix. (a) As per the records of the maintained by the company, the company is regular in depositing undisputed statutory dues to the authorities. According to the information and explanations given to us, presently the company is not liable under Employee State Insurance Act. The company is regular in depositing the provident fund dues with respective authorities. According to the information and explanations to us, the company is not liable under investor education protection fund Act, sales tax Act, wealth tax Act, custom duty Act. There are no outstanding statutory dues as the last day of the financial year concerned, which are outstanding for more than six months from the date they became payable.
(b) As per the records maintained by the company and according to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise duty and Cess as at 30th June, 2014.



- x. The company does not have any accumulated losses as at the end of the year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank during the year.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us the provisions of any special statute applicable to a chit fund or a nidhi /mutual benefit fund/ society.
- xiv. In our opinion, and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the order are not applicable to the company.
- xv. The company has not given any guarantees for loans taken by others from banks or financial institutions, other than wholly owned subsidiary.
- xvi. In our opinion and according to the information and explanations given to us, term loans have been applied, by the company, during the year, for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- xvii. The company has made preferential allotment of warrants/shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 2013, duly complying with the regulations applicable.
- xix. The company has not issued any Debentures and hence the creation of securities in respect of the same does not arise.
- xx. The company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Mahesh, Virender & Sriram
Chartered Accountants
Reg No. 001939S

Sd/-
(B R Mahesh)

Partner
M.No. 18628

Place: Hyderabad
Date: 29/08/2014

KELLTON TECH SOLUTIONS LIMITED



STANDALONE BALANCE SHEET AS AT 30TH JUNE 2014

(Amount in INR)

PARTICULARS	Note No	30th June 2014	30th June 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(A) Share Capital	2	206,937,720	177,445,500
(B) Reserves and Surplus	3	154,391,752	51,274,990
(C) Money received against share warrants	4	7,130,840	-
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(A) Long-term borrowings	5	11,184,505	10,769,742
(B) Deferred tax liabilities (Net)	6	878,728	1,205,506
(C) Other Long term liabilities	7	8,283,593	51,375,208
(D) Long term provisions	8	1,911,030	-
(4) Current Liabilities			
(A) Short-term borrowings	9	61,938,133	48,049,629
(B) Trade Payables	10	9,369,220	2,089,826
(C) Other Current Liabilities	11	6,357,182	1,198,502
(D) Short-term provisions	12	16,804,225	21,853,950
TOTAL		485,186,927	365,262,852
II.Assets			
(1) Non-current assets			
(A) Fixed assets	13		
(i) Tangible assets		31,978,454	20,250,050
(ii) Intangible assets		97,186,321	97,320,655
(iii) Capital work-in-progress		1,500,000	-
(iv) Intangible assets under development		-	-
(B) Non-current investments	14	176,181,011	145,435,871
(C) Deferred tax assets (net)		-	-
(D) Long term loans and advances	15	10,438,101	14,613,146
(E) Other non-current assets	16	1,187,830	1,433,570
(2) Current assets			
(A) Current investments		-	-
(B) Inventories		6,192,703	-
(C) Trade receivables	17	57,225,274	43,302,557
(D) Cash and cash equivalents	18	14,006,049	5,136,962
(E) Short-term loans and advances	19	70,524,773	37,770,042
(F) Other current assets	20	18,766,411	-
TOTAL		485,186,927	365,262,852

Accounting policies 1
Notes to Financials form part of accounts 1 to 27

As per our report of even date
For Mahesh Virender & Sriram
Firms' Registration Number: 001939S
Chartered Accountants

Sd/-
Niranjan Chintam
Director
Place : Hyderabad
Date : 29/08/2014

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
M.No. 18628

KELLTON TECH SOLUTIONS LIMITED



STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in INR)

PARTICULARS	Note No	30th June 2014	30th June 2013
INCOME			
Revenue From Operations	21	338,366,598	145,160,887
Other Income	22	1,027,849	1,917,919
TOTAL REVENUE		339,394,447	147,078,806
EXPENSES:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		82,560,429	-
Changes in inventories of finished goods		-6,192,703	-
Employee benefit expense	23	153,820,736	74,315,699
Financial costs	24	18,675,254	6,000,390
Depreciation and amortization expense	25	4,046,769	4,579,336
Other expenses	26	47,540,241	31,842,026
TOTAL EXPENSE		300,450,726	116,737,451
Profit / Loss before taxes		38,943,721	30,341,354
Tax expense:			
(1) Current tax		-	4,239,590
(2) Deferred tax		-326,778	-494,646
Profit / Loss for the period		39,270,499	26,596,411
Earning per equity share:			
(1) Basic		1.11	0.75
(2) Diluted		1.11	0.75

Notes to Financial form part of accounts
For and on behalf of Board of Directors

1 to 27

As per our report of even date
For Mahesh, Virender & Sriram
Firm's Reg No. 001939S
Chartered Accountants

Sd/-

Niranjan Chintam
Director

Sd/-

Krishna Chintam
Managing Director

Sd/-

(B R Mahesh)
Partner
M.No. 18628

Place: Hyderabad
Date: 29/08/2014

Note No. 1. Accounting policies

30-June-2014

1) Basis of accounting:

- i) The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act 2013 and on a going concern concept.
- ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Revenue Recognition:

- i) Revenue from software is recognized on billing to clients.

3) Fixed Assets:

- i) The tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes. Duties, freight and other incidental expenses related to acquisition and installation.
- ii) The Intangible assets are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

4) Depreciation:

Depreciation on fixed assets [Tangible and Intangible assets] is provided on Straight line method on pro-rata basis at the rates prescribed in schedule XIV of the Companies Act, 2013 as amended from time to time, including the fixed assets merged.

5) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

6) Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7) Inventories:

Inventories are valued at lower of the cost or net realizable value whichever is lower.

8) Preliminary expenditure

To write off preliminary expenses in ten equal yearly installments.

9) Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

10) Taxes on Income

To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to prudent practices.



11) Segment reporting:

To disclose the revenue and expenses by way of business segments, geographical segments and customer segments.

12) Related Parties Transactions:

Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately.

13) Employees' Retirement Benefits:

Retirement benefits are provided in accounts on a rational method where in accrued liability for retirement benefits payable to all employees at the end of the year are reflected.

Notes to Financial Statements	As at 30th June 2014		As at 30th June 2013	
	Number	INR	Number	INR
Note No : 2				
Share Capital				
(a) Authorised				
Equity Shares of Rs.5 Each	47,000,000	235,000,000	47,000,000	235,000,000
Previous Year Rs.5 Each				
(b) Issued Subscribed & Paid Up				
Opening Balance	35,489,100	177,445,500	35,489,100	177,445,500
Additions during the year	5,898,444	29,492,220	Nil	Nil
Total	41,387,544	206,937,720	35,489,100	177,445,500
(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Particulars		Number		Amount
Shares outstanding at the beginning of the year		35,489,100		177,445,500
Shares issued during the year		5,898,444		29,492,220
Shares bought back during the year		Nil		Nil
Shares outstanding at the end of the year		41,387,544		206,937,720



- (d) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital
- (1) Equity shares issued by the company are Equity Shares within the meaning of Section 85(2) of the Companies Act, 2013.
- (2) Each holder of equity share is entitled to one vote per share.
- (3) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts
- (4) The distribution will be in proportion to the number of equity shares held by the shareholders
- (e) Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares

Name of Share Holder	As at 30th June 2014		As at 30th June 2013	
	No of Shares Held	% of holding	No of Shares Held	% of holding
Matnic Finvest Private Limited	20,134,394	48.65%	16,585,950	46.74%
Kelton Wealth Management Pvt. Ltd.	4,500,000	10.87%	3,000,000	8.45%
Bhavani Sana Reddy	1,721,046	4.16%	1,881,046	5.30%

NOTE TO FINANCIAL STATEMENTS AS AT

Note No.	Notes to Financials	30 June 2014	30 June 2013
		(Amount in INR)	(Amount in INR)
3	RESERVES & SURPLUS:		
[a]	General Reserve		
	Opening Balance	10,373,580	10,373,580
	Add: Change in policy of Depreciation	1,431,322	-
	Add: Income tax provision last year	4,954,401	-
	Less: Chit Dividend Income	1,523,900	-
	Closing Balance	15,235,403	10,373,580
[b]	Capital Subsidy		
	Opening Balance	567,350	567,350
	Closing Balance	567,350	567,350
[c]	Securities Premium	58,984,440	-
	Closing Balance	58,984,440	-
[d]	Surplus		
	Opening Balance	40,334,060	13,737,649
	Net Profit / (Loss) for the current year	39,270,499	26,596,411
	Closing Balance	79,604,559	40,334,060
	Grand Total of Reserve & Surplus	154,391,752	51,274,990



NOTE TO FINANCIAL STATEMENTS AS AT

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
4	Money received against share warrants		
	Share Warrants (1901556 share warrants of Rs 15 each)	7,130,840	-
	Total	7,130,840	-
	NON-CURRENT LIABILITIES		
5	Long Term Borrowings Secured		
	Term Loan - Vehicle ICICI Bank Ltd. (repayable in 36 equated installments out of which 18 are paid)	676,393	-
	ICICI Bank Ltd (repayable in 35 equated installments out of which 21 are paid)	3,550,191	1,075,635
	Term Loan Axis Bank Ltd. Secured by exclusive charge on the entire current assets with collateral of movable fixed assets and extension of EM on premises of Director	6,957,921	9,694,107
	Total	11,184,505	10,769,742
6	Deferred Tax Liabilities (Net)		
	Opening Balance	1,205,506	1,700,152
	Current year transfer	-	-
	Written back in current year	-326,778	-494,646
	Total	878,728	1,205,506
7	Other Long Term Liabilities		
	Others	8,283,593	51,375,208
	Total	8,283,593	51,375,208
8	Other Long Term Provisions		
	Provision for Gratuity	1,327,238	-
	Provision for Leave Encashment	583,792	-
	Total	1,911,030	-



(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
9	CURRENT LIABILITIES		
	Short Term Borrowings		
	Secured Loans From Banks		
	Working capital loan - Axis Bank Ltd. (Secured by exclusive charge on the entire current assets with collateral of movable fixed assets and extension of EM on premises of Director)	61,256,636	45,988,114
	From Diabler Financial Services Pvt Ltd (repayable in 36 equated installment out of which 31 are paid)	681,497	2,061,515
	Total	61,938,133	48,049,629
10	Trade payables		
	Sundry Creditors	9,369,220	2,089,826
	Company has no information on amounts due to Micro, Small and Medium Enterprises under Section 22 of Micro, Small & Medium Enterprises Development Act 2006(MSMED Act)		
11	Total	9,369,220	2,089,826
	Other Current Liabilities		
	Advances Received	271,100	271,100
	Others (staff reimbursements)	407,101	173,357
	TDS Payable	2,417,528	533,885
	Professional Tax Payable	10,150	5,080
	Provident Fund Payable	478,737	215,080
	Vat Payable	2,102,788	-
	Loan from Directors	669,778	-
	Total	6,357,182	1,198,502
12	Short-term provisions		
	[a] Provisions for employees benefits	13,336,288	8,250,878
	[b] Outstanding Expenses	224,052	1,888,918
	[c] Provision for taxation		
	(i) Current Year	-	4,239,590
	(ii) MAT Credit	3,183,885	3,183,885
(iii) Previous Year	-	4,190,679	
[d] Audit fee payable	60,000	100,000	
	Total	16,804,225	21,853,950



NOTES TO FINANCIAL STATEMENTS
Note No - 13 Fixed Assets

(Amount in INR)

S. No.	Description of Asset	Gross block			Depreciation			Net block		Rate Dep.			
		As At 30-Jun-2013	Additions during the year	Deletions during the year	As At 30-Jun-2014	Up to 30-Jun-2013	For the year	On Deletions	Change in Method of Depreciation		Up to 30-Jun-2014	As at 30-Jun-2014	As at 30-Jun-2013
1	Tangible Assets												
	Plant & Machinery	450,814	1,043,168	-	1,493,982	241,065	40,008	-	17,240	263,833	1,230,149	209,749	4.75%
	[a] Equipment	9,346,563	470,062	-	9,816,625	513,084	453,922	-	151,741	815,265	9,001,360	8,833,479	4.75%
	[c] Electrical Equipment	769,840	383,850	35,750	1,117,940	216,858	51,017	2,568	30,346	234,961	882,978	552,982	4.75%
	[d] Air Conditioners	499,972	545,197	-	1,045,169	289,696	31,737	-	-	321,433	723,736	210,276	4.75%
2	Computers	11,511,302	3,118,993	336,108	14,294,187	8,031,027	1,860,058	329,045	908,632	8,653,409	5,640,778	3,480,275	16.21%
3	Furniture & Fixtures	1,984,521	2,555,264	-	4,539,785	80,606	198,841	-	21,037	258,410	4,281,375	1,903,915	6.33%
4	Vehicles	6,400	4,600	-	11,000	5,344	4,847	-	184	10,007	993	1,056	9.50%
	[a] Scooter & Cycles	6,153,460	5,606,931	-	11,760,391	1,151,910	529,273	-	-	1,681,183	10,079,208	5,001,550	9.50%
	[b] Car	58,996	91,000	-	149,996	2,226	9,892	-	-	12,118	137,878	56,770	9.50%
	[c] Bike												
	Total Tangible Assets	30,781,868	13,819,065	371,858	44,229,074	10,531,817	3,179,596	331,614	1,129,180	12,250,619	31,978,455	20,250,051	
	Intangible Assets												
	Soft Ware	9,019,629	148,220	-	9,167,849	7,948,973	584,698	-	302,140	8,231,531	936,318	1,070,656	16.21%
	Good Will	96,250,000	-	-	96,250,000	-	-	-	-	-	96,250,000	96,250,000	
	Total Intangible Assets	105,269,629	148,220	-	105,417,849	7,948,973	584,698	-	302,140	8,231,531	97,186,318	97,320,656	
	Capital WIP - Software Development	-	1,500,000	-	1,500,000	-	-	-	-	-	1,500,000	-	
	Total WIP	-	1,500,000	-	1,500,000	-	-	-	-	-	1,500,000	-	
	Previous years figures	122,464,344	13,766,703	179,550	136,051,497	14,210,780	4,420,049	150,039	-	18,480,790	117,570,706	108,253,564	



Note No - 14 NON-CURRENT INVESTMENTS
Investments in Equity Instruments

S. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled entity /Others	No. of Shares/Units		Quoted / Un quoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes/No	If Answer to column (9) is 'No' Basics of Valuation
			30-Jun-14	30-Jun-13			30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13		
1	IGLILY INC	Other	36,000	36,000	Unquoted	Fully Paid	18.00%	18.00%	18,149,552	18,149,552	Yes	
2	MCS Global INC	Subsidiary	750,000	750,000	Unquoted	Fully Paid	100.00%	100.00%	86,707,026	86,707,026	Yes	
3	Kellton Dbydx Software Pvt Ltd	Subsidiary	8,323,765	8,323,765	Unquoted	Fully Paid	100.00%	100.00%	40,579,293	40,579,293	Yes	
4	Kellton Tech Inc	Subsidiary	5,01,000	-	Unquoted	Fully Paid	100.00%	100.00%	30,745,140	-	Yes	
Total									176,181,011	145,435,871		

KELLTON TECH SOLUTIONS LIMITED



Notes to Financial Statements as at Non-Current Assets

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
15	NON-CURRENT ASSETS Long term loans and advances [Unsecured and considered good] Deposits Others Contribution in chit	6,552,111 - 3,885,990	6,607,146 1,455,000 6,551,000
	Total	10,438,101	14,613,146
16	Other non-current assets Misc Expenditure to the extent not written off or adjusted Opening Balance Add: Addition during the year Less: Written off for the year	1,470,304 - 282,474	360,976 1,231,880 159,286
	Total	1,187,830	1,433,570
	CURRENT ASSETS		
17	Trade receivables [Unsecured & Considered Good] Outstanding for more than six months Receivables	6,695,890 50,529,384	- 43,302,557
	Total	57,225,274	43,302,557
18	Cash and cash equivalents Cash on hand Bank Balance Fixed Deposits	244,359 9,964,177 3,797,512	1,517,529 866,025 2,753,408
	Total	14,006,049	5,136,962
19	Short-term loans and advances [Unsecured and considered good] Staff Advance Prepaid Taxes MAT Entitlement Loan to Subsidiary Prepaid Expenses Interest Accrued on Fixed Deposit Advance to Suppliers Other Advances Service Tax Input Vat Input	786,500 16,090,595 7,324,160 33,500,361 1,174,190 148,038 7,924,542 697,221 114,753 2,764,413	86,000 8,655,021 3,156,715 6,203,372 440,057 66,610 - 18,027,874 1,134,394 -
	Total	70,524,773	37,770,042
20	Other Current Assets Retention Money Deposit	11,092,600 7,673,811	- -
	Total	18,766,411	-

KELLTON TECH SOLUTIONS LIMITED



NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
21	REVENUE FROM OPERATIONS		
	Software Sevices-Export	226,361,956	145,108,539
	Software Sevices-Domestic	112,004,642	-
	Other Operating Income	-	52,348
	Total	338,366,598	145,160,887
22	OTHER INCOME		
	Interest received	235,746	67,628
	Chit Dividend received	-	15,32,500
	Interest received - Income Tax Refund	-	116,366
	Exchange fluctuations gain	26,053	186,663
	Profit on sale of Assets	66,050	13,526
	Sundry Accounts Written Back	700,000	1,236
	Total	1,027,849	1,917,919
23	EMPLOYEE BENEFIT EXPENSES		
	Salaries	139,562,274	68,288,601
	Bonus	2,012,075	2,201,802
	Provident Fund	2,519,603	1,198,357
	Employer Contribution To Labour Welfare Fund	35,345	23,476
	Gratuity	2,000,313	-
	Staff welfare Expenses	7,691,126	2,603,463
	Total	153,820,736	74,315,699
24	FINANCIAL COST		
	Bank Charges	1,615,817	250,574
	Loan Processing Fee	4,598,345	-
	Interest - Vehicle Loan	514,634	321,077
	Interest - Working Capital Loan	8,843,880	3,315,888
	Interest and charges on other Loans	2,325,175	2,048,025
	Interest - Taxes Late Payment	777,403	64,826
	Total	18,675,254	6,000,390
25	DEPRECIATION & AMORTIZATION EXPENSE		
	Deprecitation	3,764,295	4,420,050
	Miscellaneous Exp w/off	282,474	159,286
	Total	4,046,769	4,579,336

KELLTON TECH SOLUTIONS LIMITED



Notes to Financial Statements for the Period Ended

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
26	Other Expenses		
	Professional Fee	10,910,593	7,707,721
	Rent	10,686,000	9,864,200
	Travelling and Conveyance	8,910,286	4,225,974
	Communication Expenses	972,862	380,065
	Office Maintenance	1,263,481	1,614,019
	Generator running expenses	195,828	511,345
	Electricity	3,491,475	1,090,731
	Housekeeping expenses	341,394	200,510
	Broadband charges	945,996	508,683
	Internet and webhosting	413,902	438,961
	Printing & Stationery	544,352	271,644
	Advertisement Expenses	124,141	53,641
	AGM & EGM Expenses	87,472	53,353
	Income Tax	-	12,425
	Repairs & Maintenance	2,711,561	2,693,590
	Sales and Marketing	2,745,354	-
	Business Promotion Expenses	587,753	1,564,188
	Loading, Unloading	75,000	-
	Road Roller Charges	131,243	-
	Rates & Taxes	-	398,652
	Donations	153,900	35,000
	Subscription fees	732,648	101,814
	Written off old Advances	1,455,000	-
	<u>Audit Fee</u>		
	(a) Statutory Audit Fee	40,000	40,000
	(b) Income tax representation fee	20,000	20,000
	Accounting Services	-	30,000
	Loss on Sale of Asset	-	25,510
	Total	47,540,241	31,842,026

27. Notes to financial statement for the year ended 30-06-2014.

1) Contingencies

I. All major events occurring after the date of financial statements, which impair the financials, are duly provided.

1. Contingent liabilities	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
(a) Claims against the company not acknowledged as debts	NIL	NIL
(b) Uncalled liability on shares partly paid	NIL	NIL
(c) Arrears of fixed cumulative dividend	NIL	NIL
(d) Estimated amount of contracts remaining to be paid on capital account not provided for	NIL	NIL
(e) Other money for which the company is contingently liable	NIL	NIL



1. Contingent liabilities	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
(f) Bank Guarantees	141.28 Lacs	NIL
(g) SBLC Guarantee	1734.32 Lacs	NIL

2. Directors remuneration	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
(a) Paid during the year	60.00	30.00
Total	60.00	30.00

3. Particulars of employees	30-06-2014 Rs.	30-06-2013 Rs.
Particulars of employees in accordance with section 217 2A of the Companies Act, 2013	NIL	NIL

3. Additional information:

Quantitative details are not applicable since it is a software development company.

Soft ware sales	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
Export	1296.88	1162.95
Domestic	2086.79	288.66
Total	3383.67	1451.61

	30-06-2014 Amount in Foreign Currency	30-06-2014 Amount in INR	30-06-2013 Amount in Foreign Currency	30-06-2013 Amount in INR
(e) Value of imports during the year	Nil	Nil	Nil	Nil
(f) Expenditure in foreign currencies	USD 135006 EURO 740 AED 1,800 SGD 11,004 AUD 977 RAND 512 TWD 439061 GBP 100 ZAR 8,400	82,97,103 74,094 31,086 5,42,531 55,991 3,278 8,81,537 19,005 59,774	USD 15,066 Euro 1184 AED 14,133 SGD 2105	8,20,117 81,882 2,15,063 1,009,85
(g) Earnings in foreign currencies	USD 18,93,899 GBP 23,515 CAD 4,516 SGD 1,36,173	11,69,76,945 23,76,719 2,47,117 72,32,945	USD 19,84,713 GBP 26,450 AUD 12,202 SGD 9000	10,86,16,522 22,63,873 6,96,911 4,20,660



4. Related Party Transactions as per AS 18

Transactions with related parties in the ordinary course of business

	30-06-2014	30-06-2013
Loans received	1) Kellton Financial Services Pvt. Ltd - Rs. 150,905 2) Niranjana Chintam - Rs. 91,061 3) Krishna Chintam - Rs. 5,78,717	1) Kellton Financial Services Pvt. Ltd - Rs. 1,02,00,000 2) Niranjana Chintam - Rs. 14,16,061 3) Krishna Chintam - Rs. 6,47,869 4) Avid Software Solutions Pvt. Ltd. - Rs. 1,31,66,500
Loan Given - Subsidiary Company	1) Kellton Dbydx Software Pvt Ltd - Rs. 2,028,0880 2) Kellton Tech Inc - Rs. 1,32,19,481	1) Kellton Dbydx Software Pvt Ltd - 62,03,371

5. In the opinion of the management the investments of Rs 18149552 in IGLILY INC (USA) is good and recoverable in view of the future road map of the companies. The Company has already collected 50.27 % of the amount due.
6. Following are the 100% subsidiaries of the company:-
- MCS GLOBAL INC-(USA)
 KELLTON DBYDX SOFTWARE PVT LTD (India)
 KELLTON TECH INC (USA)
7. Goodwill is subject to impairment testing on an annual basis. However, if indicators of impairment are present, the company will review goodwill for impairment when such indicators arise. The company performs an annual review and no impairment was recorded. In performing the review, the company determine the recoverable amount of goodwill based on fair value less any costs that would be incurred should the company sell a cash generating unit to which goodwill would be apportioned from the operating segment. Key assumptions used by management to determine the fair value of the goodwill include industry earnings multiples and earnings multiples from previous company acquisitions.
8. For the purpose of having uniform depreciation method in the company that has been merged, depreciation has been recalculated and the excess depreciation claimed earlier has been since reversed for amount of Rs 14,31,320/-, which has been taken to General Reserve as a prior period adjustment.
9. Previous year figures have been regrouped wherever necessary.

Signatories to schedules 1 to 27

For and on behalf of Board of Directors

Vide our report of even date

For Mahesh Virender & Sriram
 Chartered Accountants
 Registration Number – 001939S

Sd/-

Niranjana Chintam
 Director

Sd/-

Krishna Chintam
 Managing Director

Sd/-

(B R Mahesh)
 Partner
 M.No. 18628

Date: 29/08/2014
 Place: Hyderabad

KELLTON TECH SOLUTIONS LIMITED



CASH FLOW STATEMENT FOR THE PERIOD ENDED 30th JUNE 2014

(Amount in INR)

	Particulars	30 June 2014	30 June 2013
a.	Cash flow from operating activities		
	Net Loss/Profit before tax	38,943,721	30,341,354
	Depreciation	3,764,295	4,420,050
	Interest & Finance Charges	18,675,254	6,000,390
	Sundry Accounts Written Back	700,000	-1,236
	Operating profit before working capital changes	62,083,270	40,760,558
	<u>Adjustment for (increase)/decrease in operating assets</u>		
	Trade & other Receivables	-13,922,717	-10,274,521
	Short-Term Loans and Advances	-32,754,731	-23,955,950
	Other Current Assets	-18,766,411	-
	Inventories	-6,192,703	-
	Long Term Loans and Advances	4,175,045	-8,578,010
	Other Non-Current Assets	245,740	-1,072,594
	<u>Adjustment for increase/(decrease) in operating liabilities</u>		
	Other Current Liabilities	5,158,680	-1,942,729
	Short Term Borrowing	13,888,504	31,822,600
	Short Term Provisions	-5,049,725	11,311,951
	Trade Payables	7,279,394	-853,201
	Long Term Provisions	1,911,030	-
	Other Long-Term Liabilities	-43,091,615	18,505,421
	Cash generated from operations	-25,036,239	55,723,525
	Interest & finance charges paid	-18,675,254	-6,000,390
	Extra ordinary items	-700,000	1,236
	Taxes Paid	-	-4,239,590
	Net cash from operating activity	-44,411,493	45,484,782
b.	Cash flow from investing activity		
	Purchase of fixed assets	-15,427,040	-13,737,193
	Long Term Investments	-30,745,140	-40,579,293
	Net cash used in investing activities	-46,172,180	-54,316,486
c.	Cash flow from financing activities		
	Increase in Share Capital	29,492,220	-
	Increase in General Reserves	3,430,497	-
	Proceeds of long term borrowings	414,762	11,156,147
	Proceeds from Share Warrants	7,130,840	-
	Proceeds from Securities Premium	58,984,440	-
	Net cash accrued in Financing activities	99,452,759	11,156,147
	Net increase in cash and cash equivalent	8,869,087	2,324,443
	Cash & Cash equivalent as at 1 day	5,136,962	2,812,519
	Cash & cash equivalent as at last day	14,006,049	5,136,962

For and on behalf of Board of Directors

As per our report of even date
For Mahesh, Virender & Sriram
Firm's Reg No. 001939S
Chartered Accountants

Sd/-
Niranjan Chintam
Director

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
M.No. 18628

Place: Hyderabad
Date: 29/08/2014



REPORT OF INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENT

To the Members of
Kellton Tech Solutions Limited
Plot No 1367, Road No 45,
Jubilee Hills
Hyderabad – 500 033,
Telangana

Report on the Financial Statements

1. We have audited the attached Consolidated Financial statements of M/s Kellton Tech Solutions Limited, and its subsidiaries as at 30th June, 2014 and the statement of Consolidated profit and loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date in which are also incorporated the financial statements. These Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. (a) As stated in Notes to financials, the financial statements of the foreign subsidiary have been considered in preparation of consolidated financial statements, based on the unaudited financial statements of three subsidiaries and audited financial statement of one subsidiary.

(b) We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard-21 (Consolidated Financial statements), as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and to the best of our information and according to the explanations given to us, subject to paragraph 3 (a) above, in our opinion, the consolidated financial statements read together with the Significant Accounting Policies and other notes to financials thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (a) In the case of consolidated Balance Sheet, of the state of affairs of the Company as at 30th June, 2014;
 - (b) In the case of consolidated profit and loss account of the **Profit** for the year ended on that date. And
 - (c) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date

For Mahesh Virender & Sriram
Chartered Accountants
Registration Number – 001939S

B R Mahesh
Partner
Membership No - 018628

Place: Hyderabad
Date: 29/08/2014

KELLTON TECH SOLUTIONS LIMITED



CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2014

(Amount in INR)

PARTICULARS	Note No.	30 June 2014	30 June 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(A) Share Capital	2	206,937,720	177,445,500
(B) Reserves and Surplus	3	221,461,618	93,694,410
(C) Money received against share warrants	4	7,130,840	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(A) Long-term borrowings	5	97,942,460	14,156,975
(B) Deferred tax liabilities (Net)	6	2,575,763	3,213,276
(C) Other Long term liabilities	7	167,083,958	63,956,661
(D) Long term provisions	8	3,158,758	-
(4) Current Liabilities			
(A) Short-term borrowings	9	159,022,767	48,049,629
(B) Trade payables	10	69,227,886	7,362,216
(C) Other current liabilities	11	8,074,751	4,253,314
(D) Short-term provisions	12	72,754,499	27,300,919
Total		1,015,371,020	439,432,900
II. Assets			
(1) Non-current assets			
(A) Fixed assets	13		
(i) Tangible assets		39,823,370	29,809,139
(ii) Intangible assets		495,792,878	188,206,324
(iii) Capital work-in-progress		3,900,000	-
(iv) Intangible assets under development		-	-
(B) Non-current investments	14	18,149,552	18,149,552
(C) Deferred tax assets (net)		-	-
(D) Long term loans and advances	15	17,117,396	15,432,586
(E) Other non-current assets	16	1,187,830	1,433,570
(2) Current assets			
(A) Current investments		-	-
(B) Inventories		6,192,703	-
(C) Trade receivables	17	292,791,184	130,084,359
(D) Cash and cash equivalents	18	49,083,995	9,486,417
(E) Short-term loans and advances	19	70,423,603	46,830,952
(F) Other current assets	20	20,908,509	-
Total		1,015,371,020	439,432,900

Accounting Policies 1
Notes to Financial form part of accounts 1 to 27
For and on behalf of Board of Directors

As per our report of even date
For Mahesh Virender & Sriram
Firms' Registration Number: 001939S

Chartered Accountants

Sd/-
Niranjan Chintam
Director

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
M.No. 18628

Place: Hyderabad
Date: 29.08.2014

KELLTON TECH SOLUTIONS LIMITED



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED (Amount in INR)

PARTICULARS	Note No.	30 June 2014	30 June 2013
Income			
Revenue from operations	21	1,336,712,729	486,132,937
Other Income	22	1,724,159	5,362,724
Total Revenue		1,338,436,889	491,495,661
Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		82,560,429	-
Changes in inventories of finished goods		-6,192,703	-
Employee benefit expense	23	804,797,184	332,712,360
Financial costs	24	33,404,246	9,610,065
Depreciation and amortization expense	25	23,341,178	10,668,355
Other expenses	26	324,412,371	93,644,544
Total Expenses		1,262,322,705	446,635,325
Profit / Loss before taxes		76,114,184	44,860,336
Tax expense:			
(1) Current tax		12,879,176	5,795,912
(2) Deferred tax		-637,513	1,765,918
(3) Taxes Prior Period		245,811	-
Profit / Loss for the period		63,626,709	37,298,506
Earning per equity share:			
(1) Basic		1.79	1.05
(2) Diluted		1.79	1.05

Accounting Policies
Notes to Financial form part of accounts 1 to 27¹
For and on behalf of Board of Directors

As per our report of even date
For Mahesh, Virender & Sriram
Firm's Registration No. 001939S
Chartered Accountants

Sd/-
Niranjan Chintam
Director

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
M.No. 18628

Place: Hyderabad
Date: 29/08/2014



Accounting policies and notes to accounts forming part of accounts:

Note No. 1 Accounting policies

1) Basis of accounting:

- i) The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act 2013 and on a going concern concept.
- ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Revenue Recognition:

- i) Revenue from software is recognized on billing to clients.

3) Fixed Assets:

- i) The tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes. Duties, freight and other incidental expenses related to acquisition and installation.
- ii) The Intangible assets are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

4) Depreciation:

Depreciation on fixed assets [Tangible and Intangible assets] is provided on Straight line method on pro –rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time, including the fixed assets merged.

5) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

6) Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7) Inventories:

Inventories are valued at lower of the cost or net realizable value whichever is lower.

8) Preliminary expenditure

To write off preliminary expenses in ten equal yearly installments.

9) Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

10) Taxes on Income

To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to prudent practices.

11) Segment reporting:

To disclose the revenue and expenses by way of business segments, geographical segments and customer segments.

12) Related parties Transactions:

Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately.

13) Employees' Retirement Benefits:

Retirement benefits are provided in accounts on a rational method where in accrued liability for retirement benefits payable to all employees at the end of the year are reflected.

KELLTON TECH SOLUTIONS LIMITED



Notes to Financial Statements	As at 30th June 2014		As at 30th June 2013	
	Number	INR	Number	INR
Note No : 2				
(A) Share Capital				
(a) Authorised				
Equity Shares of Rs.5 Each	47,000,000	235,000,000	47,000,000	235,000,000
Previous Year Rs.5 Each				
(b) Issued Subscribed & Paid Up				
Opening Balance	35,489,100	177,445,500	35,489,100	177,445,500
Additions during the year	5,898,444	29,492,220	Nil	Nil
Total	41,387,544	206,937,720	35,489,100	177,445,500

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
Particulars	Number	INR
Shares outstanding at the beginning of the year	35,489,100	177,445,500
Shares issued during the year	5,898,444	29,492,220
Shares bought back during the year	Nil	Nil
Shares outstanding at the end of the year	41,387,544	206,937,720

Notes to Financial Statements

Note No : 2

- (d) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital
- (1) Equity shares issued by the company are Equity Shares within the meaning of Section 85(2) of the Companies Act, 2013.
 - (2) Each holder of equity share is entitled to one vote per share.
 - (3) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts
 - (4) The distribution will be in proportion to the number of equity shares held by the shareholders
 - (e) Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares

Name of Share Holder	As at 30th June 2014		As at 30th June 2013	
	No of Shares Held	% of holding	No of Shares Held	% of holding
Matnic Finvest Private Limited	20,134,394	48.65%	16,585,950	46.74%
Kelton Wealth Management Private Limited	4,500,000	10.87%	3,000,000	8.45%
Bhavani Sana Reddy	1,721,046	4.16%	1,881,046	5.30%



Notes to Financial Statements as at

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
3	Reserves & Surplus		
	[a] General Reserve		
	Opening Balance	10,373,580	10,373,580
	Add: Change in policy of Depreciation	1,431,322	-
	Add: Income tax provision last year	4,954,401	-
	Less: Chit Dividend Received	15,23,900	-
	Closing Balance	15,235,403	10,373,580
	[b] Capital Subsidy		
	Opening Balance	567,350	567,350
	Closing Balance	567,350	567,350
	[c] Securities Premium	58,98,4440	-
	Closing Balance	58,984,440	-
	[d] Surplus		
	Opening Balance	56,878,043	18,890,632
	Translation exchange difference	9,46,987	6,88,903
	Net Profit / Loss for the current year	63,626,709	37,298,506
Closing Balance	121,451,739	56,878,042	
[e] Foreign Exchange Currency Transalation	(425,044)	963,985	
Closing Balance	-425,044	963,985	
[f] Capital Reserve	25,647,731	24,911,454	
Closing Balance	25,647,731	24,911,454	
Grand Total of Reserve & Surplus	221,461,618	93,694,410	
4	Money received against share warrants		
	Share Warrants (1901556 share warrants of Rs 15 each)	7130840	Nil
	Previous year	Nil	Nil
	Total	7,130,840	-



Notes to Financial Statements as at

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
3	Reserves & Surplus		
	[a] General Reserve		
	Opening Balance	10,373,580	10,373,580
	Add: Change in policy of Depreciation	1,431,322	-
	Add: Income tax provision last year	4,954,401	-
	Less: Chit Dividend Received	15,23,900	-
	Closing Balance	15,235,403	10,373,580
	[b] Capital Subsidy		
	Opening Balance	567,350	567,350
	Closing Balance	567,350	567,350
	[c] Securities Premium	58,98,4440	-
	Closing Balance	58,984,440	-
	[d] Surplus		
	Opening Balance	56,878,043	18,890,632
	Translation exchange difference	9,46,987	6,88,903
Net Profit / Loss for the current year	63,626,709	37,298,506	
Closing Balance	121,451,739	56,878,042	
[e] Foreign Exchange Currency Transalation	(425,044)	963,985	
Closing Balance	-425,044	963,985	
[f] Capital Reserve	25,647,731	24,911,454	
Closing Balance	25,647,731	24,911,454	
Grand Total of Reserve & Surplus	221,461,618	93,694,410	
4	Money received against share warrants		
	Share Warrants (1901556 share warrants of Rs 15 each)	7130840	Nil
	Previous year	Nil	Nil
	Total	7,130,840	-



Notes to Financial Statements as at
Non-Current Liabilities

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
5	Long Term Borrowings Secured		
	Term Loan - Vehicle ICICI Bank Ltd (repayable in 36 equated installments out of which 18 are paid)	676,393	-
	ICICI Bank Ltd (repayable in 35 equated installments out of which 21 are paid)	3,550,191	1,075,635
	Term Loan Axis Bank Limited Secured by exclusive charge on the entire current assets with collateral of movable fixed assets and extension of EM on premises of Director	6,957,921	9,694,107
	Term Loan - Vehicle Suntrust IN (repayable in 60 equated installments out of which 20 are paid)	2,627,335	3,387,233
	Working capital Line of Credit (From Savoy Bank -Secured by charge on receivables)	84,130,620	-
	Total	97,942,460	14,156,975
6	Deferred tax Liabilities (Net)		
	Opening Balance	3,213,276	1,447,358
	Current year transfer	-	1,765,918
	Written back in current year	-637,513	-
	Closing Balance	2,575,763	3,213,276
7	Other Long Term Liabilities		
	Others	167,083,958	63,956,661
	Total	167,083,958	63,956,661
8	Other Long Term Provisions		
	Provision for Gratuity	2,200,238	-
	Provision for Leave Encashment	958,520	-
	Total	3,158,758	-

KELLTON TECH SOLUTIONS LIMITED



Notes to Financial Statements as at

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
9	<p>CURRENT LIABILITIES</p> <p>Short Term Borrowings</p> <p>Secured Loans From Banks</p> <p>Working capital loan - Axis Bank Limited (Secured by exclusive charge on the entire current assets with collateral of movable fixed assets and extension of EM on premises of Director)</p> <p>Term Loan - Vehicle</p> <p>From Diamler Financial Services Pvt Ltd (repayable in 36 equated installment out of which 31 are paid)</p> <p>Other Short term borrowings</p>	<p>61,256,636</p> <p>681,497</p> <p>97,084,633</p>	<p>45,988,114</p> <p>2,061,515</p> <p>Nil</p>
	Total		
10	<p>Trade payables</p> <p>Sundry Creditors</p> <p>Company has no information on amount due to Micro, Small and Medium Enterprises under Section 22 of Micro, Small & Medium Enterprises Development Act 2006(MSMED Act)</p>	<p>69,227,886</p>	<p>7,362,216</p>
	Total	69,227,886	7,362,216
11	<p>Other Current Liabilities</p> <p>Advances Received</p> <p>Others (staff reimbursements)</p> <p>TDS Payable</p> <p>Professional Tax Payable</p> <p>Provident Fund Payable</p> <p>ESI Payable</p> <p>Vat Payable</p> <p>Service tax payable</p> <p>Loan from Directors</p>	<p>271,100</p> <p>448,830</p> <p>3,201,301</p> <p>10,150</p> <p>497,464</p> <p>-</p> <p>2,102,788</p> <p>8,73,340</p> <p>6,69,778</p>	<p>271,100</p> <p>833,408</p> <p>824,340</p> <p>5,080</p> <p>253,698</p> <p>1,759</p> <p>-</p> <p>-</p> <p>2,063,930</p>
	Total	8,074,751	4,253,314
12	<p>Short-term provisions</p> <p>(a) Provisions for employees benefits</p> <p>(b) Outstanding Expenses</p> <p>(c) Audit fee payable</p> <p>(d) Provision for taxation</p> <p>(e) Mat Credit</p>	<p>58,731,467</p> <p>656,724</p> <p>100,000</p> <p>10,082,424</p> <p>3,183,885</p>	<p>12,984,242</p> <p>1,888,918</p> <p>130,000</p> <p>9,113,874</p> <p>3,183,885</p>
	Total	72,754,499	27,300,919



Notes to Financial Statements
Note No - 13 Fixed Assets

(Amount in INR)

S. No.	Description of Asset	Gross block					Depreciation					Net Block		
		As At 30-Jun-2013	Additions during the year	Deletions during the year	Translation exchange difference	As at 30-Jun-2014	Up to 30-Jun-2013	Change in method of Depreciation	For the year	On Deletions	Translation exchange difference	Up to 30-Jun-2014	As at 30-Jun-2014	As at 30-Jun-2013
1	Tangible Assets													
	Plant & Machinery	1,259,641	1,043,168	-	-	2,302,809	17,240	78,427	-	-	446,721	1,856,088	874,108	
	[a] Equipment	9,346,563	470,062	-	-	9,816,625	151,741	453,922	-	-	815,265	9,001,360	8,833,479	
	[b] Electrical Equipment	1,758,888	383,850	35,750	-	2,106,988	30,346	97,997	2,568	-	410,778	1,696,210	1,413,193	
	[c] Communication Equipment	511,322	545,197	-	-	1,056,519	-	32,276	-	-	322,464	734,055	221,134	
	[d] Air Conditioners	19,269,770	3,118,993	336,108	52,588	22,105,243	908,632	2,931,500	329,045	-7,525	13,962,212	8,143,031	6,993,856	
2	Computers	2,932,005	2,720,520	-	26,539	5,679,064	21,037	250,418	-	26,338	7,16,364	4,962,701	2,471,361	
3	Furniture & Fixtures													
4	Vehicles													
	[a] Scooter & Cycles	6,400	4,600	-	-	11,000	184	4,847	-	-	10,007	993	1,056	
	[b] Car	10,188,290	5,606,931	-	26,615	15,821,836	-	1,303,211	-	-16,534	2,530,782	13,291,054	8,944,184	
	[c] Bike	58,996	91,000	-	-	149,996	-	9,892	-	-	12,118	137,879	56,770	
	Total Tangible Assets	45,331,874	13,984,321	371,858	105,743	59,050,080	1,129,180	5,162,491		2,279	19,226,711	39,823,370	29,809,140	
	Intangible Assets													
	Soft Ware	92,366,299	12,889,862	-	518,728	105,774,890	302,142	17,896,215	-	3,743,234	40,641,092	65,133,797	73,062,514	
	Good Will-on acquisition	115,143,811	315,515,270	-	-	430,659,081	-	-	-	-	-	430,659,080	115,143,811	
	Total Intangible Assets	207,510,111	328,405,133	-	518,728	536,433,971	302,142	17,896,215			40,641,092	495,792,878	188,206,325	
	Capital WIP-Software Development	-	3,900,000	-	-	3,900,000	-	-	-	-	-	3,900,000	-	
	Total WIP	-	3,900,000	-	-	3,900,000	-	-	-	-	-	3,900,000	-	
	Previous years figures	187,274,905	54,149,825	556,000	-25,992	252,841,984	23,464,357	1,958,416	-	-	23,464,357	163,810,548	-	



Note No - 14 NON-CURRENT INVESTMENTS
Investments in Equity Instruments

S.L No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled entity /Others	No. of Shares/Units		Quoted /Un quoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes/No	If Answer to column (9) is 'No' Basics of Valuation
			30-06-14	30-06-13			30-06-14	30-06-13	30-06-14	30-06-13		
1	IGLILY INC	Other	36,000	36,000	Unquoted	Fully Paid	18.00%	18.00%	18,149,552	18,149,552	Yes	
	Total								18,149,552	18,149,552		

KELLTON TECH SOLUTIONS LIMITED



Notes to Financial Statements as at

(Amount in INR)

Note No.	Notes to Financials	30 June 2014	30 June 2013
15	Non-Current Assets		
	Long Term Loans and Advances [Unsecured and considered good]		
	Deposits	13,231,406	7,426,586
	Others	-	1,455,000
	Contribution in chit	3,885,990	6,551,000
	Total	17,117,396	15,432,586
16	Other Non-Current Assets		
	Misc Expenditure to the extent not written off or adjusted		
	Opening Balance	1,470,304	360,976
	Add: Addition during the year	-	1,231,880
	Less written off for the year	282,474	159,286
	Total	1,187,830	1,433,570
17	CURRENT ASSETS		
	Trade receivables [Unsecured & Considered Good]		
	Outstanding for more than six months	6,695,890	-
	Others	286,095,294	43,302,557
	Total	292,791,184	43,302,557
18	Cash and cash equivalents		
	Cash on hand	329,394	4,163,715
	Bank Balance	44,957,089	2,549,706
	Fixed Deposits	3,797,512	2,772,996
	Total	49,083,995	9,486,417
19	Short-term loans and advances [Unsecured and considered good]		
	Staff Advance	1,977,054	1,643,152
	Prepaid Taxes	23,032,524	11,399,831
	MAT Entitlement	7,367,899	3,200,454
	Other Advances	1,184,273	28,512,920
	Prepaid Expenses	16,610,108	1,510,941
	Interest Accrued on Fixed Deposit	148,038	66,610
	Advance to Suppliers	17,224,542	-
	Service Tax Input	114,753	497,044
	Vat Input	2,764,413	-
	Total	70,423,603	46,830,952
20	Other Current Assets		
	Retention Money	13,234,698	-
	Deposit	7,673,811	-
	Total	20,908,509	-



Notes to Financial Statements for the period Ended

(Amount in INR)

Note No.	Notes to Financials	30-Jun-2014	30-Jun-2013
21	Revenue from Operations		
	Software Services	1,224,455,048	485,497,135
	Hardware Services	112,004,642	-
	Other Operating Income	253,039	635,802
	Total	1,336,712,729	486,132,937
22	Other Income		
	Interest received	241,091	67,628
	Chit Dividend received	-	1,532,500
	Interest received - Income Tax Refund	-	162,776
	Other Income	-	2,533,133
	Exchange Fluctuations Gain	717,018	-
	Profit on sale of Assets	66,050	13,526
Sundry Accounts Written Back	700,000	1,053,160	
	Total	1,724,159	5,362,724
23	Employees Benefit Expenses		
	Salaries	767,052,000	312,745,218
	Bonus	4,638,981	2,847,471
	Provident Fund	2,640,317	1,461,281
	Employer Contribution To Labour Welfare Fund	35,345	23,476
	Gratuity	3,747,179	-
Staff welfare Expenses	26,683,362	15,634,913	
	Total	804,797,184	332,712,360
24	Financial Cost		
	Bank Charges	2,077,583	494,308
	Loan Processing Fee	4,598,345	-
	Transaction Fee	877,346	2,604,738
	Interest - Vehicle Loan	599,874	384,065
	Interest - Working Capital Loan	8,843,880	3,315,888
	Interest and charges on other Loans	15,419,614	2,635,682
Interest - Taxes Late Payment	987,605	175,385	
	Total	33,404,246	9,610,065
25	Depreciation & Amortisation Expense		
	Depreciation	23,058,704	10,509,069
	Miscellaneous Exp w/off	282,474	159,286
	Total	23,341,178	10,668,355



Notes to Financial Statements for the period Ended

(Amount in INR)

Note No.	Notes to Financials	30-Jun-2014	30-Jun-2013
26	Other Expenses		
	Professional Fee	95,602,383	26,790,056
	Rent	26,696,204	20,454,446
	Travelling and Conveyance	13,337,430	8,812,886
	Subcontracting fees	153,526,112	14,308,163
	Communication Expenses	4,229,785	2,355,800
	Office Maintenance	6,902,180	5,488,724
	Generator running expenses	195,828	1,147,528
	Electricity	5,761,566	3,288,582
	Housekeeping expenses	615,264	263,189
	Broadband charges	945,996	508,683
	Internet and webhosting	1,783,753	1,252,167
	Printing & Stationery	958,219	552,998
	Advertisement Expenses	712,310	404,653
	AGM & EGM Expenses	87,472	53,353
	Income Tax	-	18,917
	Repairs & Maintenance	3,428,877	3,750,927
	Sales and Marketing	5,635,229	2,625,388
	Rates & Taxes	1,257,149	709,384
	Exchange fluctuations Loss	-	287,806
	Loading, Unloading	75,000	-
	Road Roller Charges	131,242	-
	Donations	203,900	48,678
	Subscription fees	737,843	158,308
	Written off old Advances	1,488,630	-
	<u>Audit Fee</u>		
	(a) Statutory Audit Fee	70,000	60,000
	(b) Income tax representation fee	30,000	30,000
	Accounting Services	-	30,000
	Loss on Sale of Asset	-	243,909
	Total	324,412,371	93,644,544



Notes to Consolidated Financial statements part of accounts as at 30th June 2014

27. Contingencies

I. All major events occurring after the date of financial statements, which impair the financials, are duly provided.

1. Contingent liabilities	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
(a) Claims against the company not acknowledged as debts	NIL	NIL
(b) Uncalled liability on shares partly paid	NIL	NIL
(c) Arrears of fixed cumulative dividend	NIL	NIL
(d) Estimated amount of contracts remaining to be paid on capital account not provided for	NIL	NIL
(e) Other money for which the company is contingently liable	NIL	NIL
(f) Bank Guarantees	141.28 Lacs	NIL
(g) SBLC Guarantee	1734.32 Lacs	NIL

2. Directors remuneration	30-06-2014 Rs. Lakhs	30-06-2013 Rs. Lakhs
(a) Paid during the year	60.00	60.00
Total	60.00	60.00
(b) Computation of net profit under section 309 [5] of the companies act, 1956	NA	NA

3. Particulars of employees	30-06-2014 Rs. Lakhs	30-06- 2013 Rs. Lakhs
Particulars of employees in accordance with section 217 (2A) of the companies Act, 1956	NIL	NIL

3. Additional information:

Domestic & Export Sales	30-06-2014 Rs. Lakhs	30-06- 2013 Rs. Lakhs
Export	Rs. 10868.48	Rs. 4320.52
Domestic	Rs. 2496.12	Rs. 534.46
Total	Rs. 13364.60	Rs. 4854.98

KELLTON TECH SOLUTIONS LIMITED



	30-06-2014 Amount in Foreign Currency	30-06-2014 Amount in INR	30-06-2013 Amount in Foreign Currency	30-06-2013 Amount in INR
(e) Value of imports during the year	USD 1,63,820	1,00,88,171	Nil	Nil
(f) Expenditure in foreign currencies	USD 1,42,420 TWD 4,39,061 AUD 977 RAND 512 EURO 740 SGD 11,004 AED 1,800 GBP 100 ZAR 8,400	87,18,275 8,81,537 55,991 3,278 74,094 5,42,531 31,086 19,005 59,774	USD 19,807 Euro 1,184 AED 14,133 SGD 2,105	10,81,967 81,882 2,15,063 1,00,985
(g) Earnings in foreign currencies	USD 23,93,822 GBP 50,471 SGD 1,36,173 CAD 4,516 AED 25,000 HKD 2,93,679	14,81,23,726 50,71,316 72,32,945 2,47,117 4,25,095 23,62,601	USD 27,82,129 HKD 5,50,435 GBP 74,544 AED 62,202 SGD 9,000	14,70,32,755 37,61,078 63,04,790 14,14,411 4,20,660

4. Related Party Transactions as per AS 18

Transactions with related parties in the ordinary course of business

	30-06-2014	30-06-2013
Loans received	1) Kellton Financial Services Pvt. Ltd - Rs. 150,905 2) Niranjan Chintam - Rs. 91,061 3) Krishna Chintam - Rs. 5,78,717	1) Kellton Financial Services Pvt. Ltd - Rs. 1,02,00,000 2) Niranjan Chintam - Rs. 14,16,061 3) Krishna Chintam - Rs. 6,47,869 4) Avid Software Solutions Pvt. Ltd. - Rs. 1,31,66,500
Loans Given	1) Kellton Dbydx Software Pvt Ltd - Rs. 20280880 2) Kellton Tech Inc - Rs. 13,219,481	1) Kellton Dbydx Software Pvt Ltd - 6,203,371

5. In the opinion of the management the followings investments are good and recoverable in view of the future road map of the companies. The Company has already collected 50.27 % of the amount due.

IGLILY INC

Rs. 1,81,49,552

6. The account contains consolidation of the following subsidiary company:-

MCS GLOBAL INC-(USA)
KELLTON DBYDX SOFTWARE PVT. LTD, (India)
KELLTON TECH INC (USA)
SUPREMESOFT GLOBAL INC (USA) – Step Down Subsidiary
EVANTAGE SOLUTIONS INC (USA) – Step Down Subsidiary



7. Principles of consolidations:-

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company.

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

- (i) The financial statement of the company and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Intercompany balances and transactions and unrealized profits or losses have been fully eliminated
- (ii) The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity, is recognized as Goodwill (on consolidation). when the cost to the parent of its investment in the subsidiary is less than the parent's portion of equity, then the difference is treated as Capital Reserve (on Consolidation) in the consolidated financial statements

8. Translation of Non-Integral Foreign Operations

Financial statements of non-integral foreign operations are translated as under:

- (i) Assets and Liabilities both monetary and non monetary are translated at the rate prevailing at the end of the year.
- (ii) Income and expense items are translated at exchange rates at the average rate. Exchange differences arising on translation of non integral foreign operations are accumulated in the foreign currency translation reserves until the disposal of such operations.

9. Goodwill is subject to impairment testing on an annual basis. However, if indicators of impairment are present, the company will review goodwill for impairment when such indicators arise. The company performs an annual review and no impairment was recorded. In performing the review, the company determines the recoverable amount of goodwill based on fair value less any costs that would be incurred should the company sell cash generating unit to which goodwill would be apportioned from the operating segment. Key assumptions used by management to determine the fair value of the goodwill include industry earnings multiples and earnings multiples from previous company acquisitions.

10. In view of consolidation of the new subsidiary company Kellton Tech Inc. the figures of current year are not comparable with those of previous year.

11. Previous year figures have been regrouped wherever necessary.

Signatories to schedules 1 to 27
For and on behalf of Board of Directors

Vide our report of even date
For Mahesh Virender & Sriram
Chartered Accountants

Sd/-
Niranjan Chintam
Director

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
Membership No - 18628

Place: Hyderabad
Date: 29/08/2014

KELLTON TECH SOLUTIONS LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2014

(Amount in INR)

	Particulars	30 June 2014	30 June 2013
a.	Cash flow from operating activities		
	Net Loss/Profit before tax	76,114,184	44,860,336
	Depreciation	23,058,704	11,362,163
	Interest & Finance Charges	33,404,246	9,610,065
	Miscellaneous Expenditure Written off	2,82,474	1,59,286
	Sundry Accounts Written Back	(700,000)	(1,053,160)
	Operating profit before working capital changes	132,159,608	64,938,690
	Adjustment for increase/(decrease) in operating Assets		
	Trade & other Receivables	(162,706,825)	(44,723,246)
	Short-Term Loans and Advances	(23,592,650)	(23,296,615)
	Other Current Assets	(20,908,509)	-
	Long Term Loans and Advances	(16,84,811)	(9,094,727)
	Other Non-Current Assets	245,740	(1,072,594)
	Other Current Liabilities	5,885,367	(951,846)
	Short Term Borrowing	110,973,138	31,822,600
	Short Term Provisions	45,453,580	12,087,236
	Trade Payables	61,865,670	294,459
	Other Long-Term Liabilities	101,063,367	33,150,804
	Long Term Provisions	31,58,758	-
	Translation Exchange Difference	946,987	688,903
	Foreign Exchange Currency Translation	(1,389,029)	189,654
	Capital Reserve	736,277	6,337,253
	Cash generated from operations	246,013,966	69,738,469
	Interest & finance charges paid	(33,404,246)	(9,610,065)
	Extra ordinary items	982,474	1,212,446
	Taxes Paid	(12,879,176)	(5,795,912)
	Taxes Prior Period	(245,811)	-
	Net cash from operating activity	200,713,017	55,544,938
b.	Cash flow from investing activity		
	Purchase of fixed assets	(346,517,672)	(65,567,079)
	Net cash used in investing activities	(346,517,672)	(65,567,079)
c.	Cash flow from financing activities		
	Increase in Share Capital	2,94,92,220	-
	Proceeds from Securities Premium	5,89,84,440	-
	Increase in General Reserve	49,54,401	-
	Increase in Capital Reserve	7,36,277	-
	Proceeds of long term borrowings	83,785,484	14,543,380
	Proceeds from Share Warrants	71,30,840	-
	Net cash accrued in Financing activities	185,083,662	14,543,380
	Net increase in cash and cash equivalent	39,279,007	4,521,239
	Cash & Cash equivalent as at 1 day	9,804,988	5,283,749
	Cash & cash equivalent as at last day	49,083,995	9,804,988

For and on behalf of Board of Directors

As per our report of even date
For Mahesh Virender & Sriram
Firms' Registration No: 001939S
Chartered Accountants

Sd/-
Niranjan Chintam
Chairman

Sd/-
Krishna Chintam
Managing Director

Sd/-
(B R Mahesh)
Partner
M.No. 18628

KELLTON TECH SOLUTIONS LIMITED



FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS / NOTICES BY ELECTRONIC MODE

To
M/s XL Softech System Limited
3, Sagar Society, Road No. 2,
Banjara Hills, Hyderabad – 500 034, Telangana
Email ID: mail@xlsoftech.com

Company/Unit: Kellton Tech Solutions Limited

I agree to receive all documents / notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of Sole / First Holder : _____

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

PAN No. : _____

E-mail Address : _____

Date:

Place:

(Signature of Member)

KELLTON TECH SOLUTIONS LIMITED



KELLTON TECH SOLUTIONS LIMITED
Registered Office: Plot No. 1367, Road No-45, Jubilee Hills, Hyderabad-500033, Telangana

**FORM No. MGT-11
PROXY FORM**

CIN No.: L72200TG1993PLC016819
Registered Folio No./Client ID
Name of the company: Kellton Tech Solutions Limited
Registered Office: Plot No. 1367, Road No-45,
Jubilee Hills, Hyderabad-500033
Telangana
Name of the member(s):
Registered address:
Email Id:
Folio No./Client Id:

DP ID:
I/We, being the member(s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature: , or failing him

2. Name:
Address:
E-mail Id:
Signature: , or failing him

3. Name:

Address:

Email Id:

Signature:

as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on, Monday, the 22nd December, 2014 at 11.00 A.M. at Hotel Kens, Sri Nagar Colony, Hyderabad - 500 073, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 30th June, 2014, the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint Auditors of the Company to hold office for a period of one year from the conclusion of this Annual General Meeting and to fix their remuneration.
3. To consider the Alteration of Articles of Association of the Company

KELLTON TECH SOLUTIONS LIMITED



4. To appoint a Director in place of Mr. Krishna Chintam (holding DIN 01658145), who retires by rotation and being eligible offers himself for re-appointment.
5. Appointment of Mr. Rajendra Vithal Naniwadekar as an Independent Director.
6. Appointment of Mr. Brijmohan Venkata Mandala as an Independent Director.
7. Appointment of Mr. Srinivas Potluri as an Independent Director
8. To increase the borrowing power of the company.
9. Creation of charge on assets of the company.

Signed this _____ day of _____ 2014

Affix
15 paise
revenue
stamp

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KELLTON TECH SOLUTIONS LIMITED



KELLTON TECH SOLUTIONS LIMITED
Registered Office: Plot No. 1367, Road No-45, Jubilee Hills, Hyderabad-500033, Telangana

ATTENDANCE SLIP

Registered Folio No. /DP ID*/ Client ID*

Number of equity shares held

Name of the Member/Proxy

I/We hereby accord my/our presence at the as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on, Monday, the 22nd December, 2014 at 11.00 AM at Hotel Kens, Plot No. 53, Sri Nagar Colony, Hyderabad - 500 073, Telangana

.....

Signature of the Member/Proxy
attending the Meeting

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting

**applicable for members holding shares in Demat mode*

BOOK POST



If undelivered please return to:

KELLTON TECH SOLUTIONS LIMITED

Plot No. 1367, Road No. 45, Jubilee Hills,
Hyderabad - 500033, Telangana, India.

Ph: 040-44333000, Fax: 040-23552358 / 23552357

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