



**KELLTON TECH**



# INFINITE

## POSSIBILITIES WITH TECHNOLOGY



S.No	Particulars	Page No
1	Message from the Chairman's Desk	3
2	Highlights of the Year	6
3	Financial Highlights	15
4	The Workforce	16
5	Global Offices	19
6	Management Discussion and Analysis Report	20
7	Corporate Information	25
8	Notice of 24 <sup>th</sup> Annual General Meeting	28
9	Directors' Report	40
10	Report of Independent Auditor on Standalone Financial Statement	95
11	Standalone Balance Sheet	102
12	Standalone Statement of Profit & Loss	104
13	Cash Flow Statement	106
14	Report of Independent Auditor on Consolidated Financial Statement	141
15	Consolidated Balance Sheet	146
16	Consolidated Statement of Profit & Loss	148
17	Consolidated Cash Flow Statement	150
18	Form for Registration of Email ID	185
19	Proxy Form	188
20	Attendance Slip	190
21	Route Map	191



MESSAGE FROM THE **CHAIRMAN'S** DESK

## Accelerating Enterprises **Digital Transformation** Journey



**Dear Shareholders,**

It is my privilege to write to you on this occasion as we present our Annual Report for FY18. Your Company is emerging as the preferred digital transformation partner for some of the leading enterprises across the globe. We have reported a growth of 27.1% for FY18, with digital revenues showing an impressive 67.61% increase Y-o-Y. This superlative performance marks our future-readiness to accelerate clients' digital transformation journey.

In 2017, we continued to live the philosophy of delivering infinite possibilities with technology and translated it into exceptional performance with our deeply-rooted industry expertise, contextual knowledge, and depth in the digital and intellectual property. As we surge ahead we are signing several mega-deals that have strengthened our business model. Whether it was the Artificial Intelligence (AI) deal that we signed with a large Travel & Hospitality Company, or the deal with the largest medical technology manufacturer in the US to redefine the customer journey using an advanced Cloud-based, digital healthcare platform, we have been helping clients embrace digital transformation at their core. The credit of building further on our momentum

goes to our progressive ecosystem of employees, clients, and partners. Our employees have made this possible with their strong customer focus, relentless efforts, and an agile mindset. By creating advanced and agile solutions, our employees are empowering organizations to realize a new kind of 'potential' they haven't thought of before. I would like to extend our heartiest gratitude to our clients, who have believed in us and have given us an opportunity to be a part of their transformational phase. What sets us apart from the competition is our focus on outcomes and our ability to learn and grow with our clients. Instead of following an abstract strategy of meeting Service Level Agreements (SLAs), we make incremental changes after carefully planning and accelerate digital transformation while neutralizing the potential barriers. I would also like to take this opportunity to personally thank each of our shareholders for their continuing support, confidence, and trust in our capabilities.

### **Growing Digital Capabilities**

Social, Mobile, Analytics, and Cloud (SMAC) is the flavor of IT service companies. The size of the overall SMAC industry globally is expected to be close



to \$1 trillion by 2020. From the Indian software industries' point of view, it will be \$15 billion within the next three years and over \$225 billion by 2020.

With increased automation and platform-based services, analysts agree that SMAC technologies will become table stakes and will allow the IT industry to offer more value to clients. The growth of IT companies will also be dictated by the evolving digital capabilities—IoT 2.0, RPA, Blockchain, Artificial Intelligence, Machine Learning, and Conversational Bots. IoT 2.0 brings intelligence to the edge devices. According to Gartner, an estimated 20 billion IoT edge devices will emerge by 2020. This brave new era of edge computing will ensure near-real-time data analysis, reduced bandwidth usage between the edge and the cloud, and advanced AI. Robotics Process Automation enhances operational excellence. Gartner predicts that by 2020, 40% of large global organizations will adopt RPA. Industries like insurance, financial services and retail have already taken the lead, while manufacturing, healthcare, and many others will increase the traction in years to come. Blockchain redefines trust. Blockchain is emerging from the shadows and making its way into the future. The overall spend on the technology is expected to grow to more than \$2.1 million in the next year. Artificial Intelligence creates a virtual workforce. Organizations are leveraging AI in various aspects of the business. It delivers smarter, intelligent decisions, beyond robot-aided functions. Machine learning gaining traction in digital businesses. According to Gartner, machine learning is seeping into everything and will remain among the top technology trends for the next five years. Conversational Bots performs real-world tasks. Google has announced Google Duplex, a conversational bot that can make real-life conversations with humans to make an appointment at a hair salon or a restaurant chain, and much more. This groundbreak-

ing technology was announced by Sundar Pichai this year to help 60% of small businesses in the US.

Against this backdrop, your Company is playing a leading role in accelerating enterprises digital transformation journey and focusing on these exponential technologies to cross new frontiers of performance and deliver excellence.

Reflecting the growing importance of digital, your Company has been the biggest proponent of strategic innovation across multiple areas. Our investments in next-generation transformational technology such as Augmented Reality are also playing a key role in delivering tangible value to our clients. Our passion for technology and commitment to building digital capabilities at scale has delivered exceptional levels of growth and performance to businesses. We're working on our mission of transforming the digital ecosystem that integrates through cloud and edge computing giving an edge over traditional IoT, bringing intelligence everywhere.

## **Awards and Recognitions**

Your Company is seen as the disruptor of the status quo and our success in the past 1 year has been endorsed by prestigious awards and recognition. We were ranked third time among the fastest growing technology company on the Deloitte Technology Fast50 India 2017. This award is a testament of our continued focus on innovating and delivering digital transformation services while remaining agile and responsive to our client's needs.

## **Going the Extra Mile to Expand our Footprints**

Last year saw a steady acceleration and we used the opportunity to acquire a new company to further



# KELLTON TECH SOLUTIONS LIMITED

our growth and transformation agendas. PlanetPro acquisition opened the doorway to Singaporean and Indian markets with higher untapped potential and a lot of mainstream opportunities. PlanetPro provides Salesforce.com, Analytics, and Custom Program services to enterprise clients. The company specializes in improving sales and marketing performance of businesses by delivering actionable insights through analytics and leveraging the power of Salesforce.com and its ecosystem of applications. It also delivers bespoke programs designed to improve sales and marketing effectiveness.

This new addition to Kellton Tech's ever-expanding global clout has not only strengthened your Company's analytics offerings across functional domains and technology platforms but also leveraged its potential of becoming the next-level behemoth in the digital innovation space.

## Research and Innovation

Your Company is driven by an inherent tendency to push the learning agenda and innovate continuously. Our continued investments in research and innovation, establishing partnerships, and getting our team future-ready in generating next-gen technology advancement have strengthened our position in the market. We have developed an IoT-enabled AI platform—Optima—that have helped differentiate Kellton Tech. Optima accelerates enterprises digital transformation journey through data management, workflow management, business process management, predictive and prescriptive analytics, exponential growth in productivity, and operational efficiency.

We are highly focused on simplifying the businesses complex tasks of aggregating data and creating dashboards for various levels of management. Bet-

ter leverage of technology and assets is ensured through a strong innovation thrust.

In addition to the investments in the innovation programs, we are also aligning our investments with technology shifts and trends to strengthen our value proposition and stay ahead in our journey of disrupting businesses.

## People

Kellton Tech finds strength in its incredibly diverse, inclusive, and talented workforce. It is for their sustained and honest efforts that we are dynamically evolving as a global technology leader, and branching out to the Asia-Pacific region and other developing markets without an endpoint.

From industry leaders to mid-level managers, we have hand-picked each individual to foster an environment of creativity, excellence, and ambition. The whole thrust of Kellton Tech's work force strategy is to upskill and reskill the employees and ignite a wave of strong digital talent in the company. We continue to invest our energies and thoughts into cultivating a healthy work force that aligns itself to the expectations and needs of the customer.

On behalf of the Board of directors of Kellton Tech, I want to again thank our clients, employees, shareholders, and stakeholders for their continued support and encouragement.

Warm Regards

**Niranjan Chintam**

Executive Chairman

Kellton Tech



**HIGHLIGHTS**  
OF THE YEAR



**KELLTON TECH** Ranked among the Fastest-growing Technology Company in India

We were ranked among the fastest growing technology companies in India on the Deloitte Technology Fast50 India 2017.

The award reflects the unique positioning of your Company among various other companies in the market and signifies our constant efforts in delivering value to clients across the globe.



Acquires **PlanetPro** to Expand its Digital Transformatio Footprint

**Kellton Tech** acquired PlanetPro, a Silicon Valley-based global firm providing Salesforce.com, Analytics, and Custom Program services to enterprise clients. The company has a commanding business presence across Asia.

This acquisition will strengthen our analytics offerings across functional domains and technology platforms as well as help us expand our Asia-Pacific footprint.



**PlanetPro**



**KELLTON TECH**

PLANETPRO IS NOW **KELLTON TECH**



## Karanjit was named among the **TOP 10 MOST INNOVATIVE LEADERS**

Insights Success, a business magazine, named Karanjit among the "10 Most Innovative Leaders to Watch."

He was chosen based on his ability to transform the way business is run without compromising on business ethics and values.



## Driving Innovation with our **IoT-enabled AI Platform**

Kellton Tech has expanded its presence in the Energy vertical with Optima, an innovative IoT-enabled AI platform.

The platform is a disruptor in the market, changing the way field operations are executed. It will help businesses achieve exponential growth in productivity and improve operational efficiency.



# OPTIMA

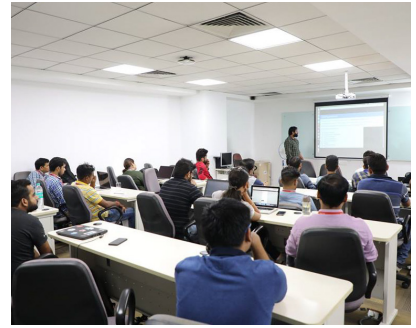




## KELLTON TECH Organizes Drupal Meetup 2018

As a proud organizer of **Drupal Meetup 2018** in our Gurugram office, we provided an ideal platform for the Drupal community to come together and discuss the latest trends in Drupal 8 development.

The exciting learning sessions during the meetup were taken well by the Drupal community.



## Proud Sponsor of **SAPPHIRE NOW** and **ASUG** annual conference in Orlando

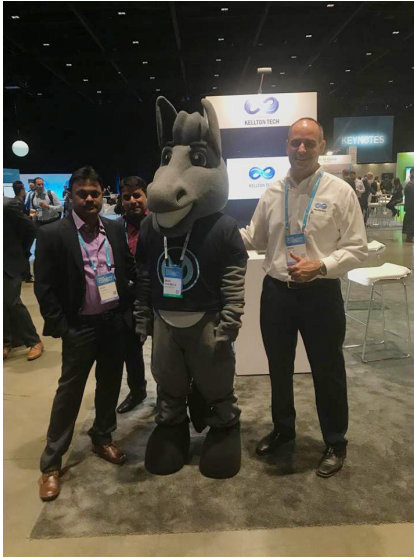
**Kellton Tech**, Gold and a longstanding strategic partner of SAP, proudly sponsored SAPPHIRE NOW and ASUG annual conference in Orlando. The event was attended by a number of global leaders from the industry.

At the event, we highlighted insightful stories and showcased our SAP qualified solution—Analytics Cloud for Professional Services—SAP Fiori UX/ Mobile solutions for ECC, and much more..





## Proud Sponsor at **MuleSoft Connect 2018**



A proud sponsor of MuleSoft Connect 2018, Kellton Tech participated with several industry leaders to discuss the latest advancements in MuleSoft and the futuristic vision of its usage across industries and lines of business.

We were involved in a number of insightful discussions on Digital Transformation Strategy with Architectural Evaluation, Multi-speed IT with Enterprise API Strategy, Cloud Enablement and SaaS Integration through Cloud Hub, On- premise/ Cloud/Hybrid Integration and Infrastructure Solutions, Custom Mule Connectors for Enterprise Applications, and Assessment to Migrate to MuleSoft Anypoint Platform.



## Proud Sponsor of Media and Publishing Summit at **DrupalCon2018**

Kellton Tech proudly sponsored the Media and Publishing summit of DrupalCon2018. With over 10 years of Drupal development experience, we have been successfully able to execute more than 400 projects and contribute more than 70 Drupal modules.

Due to a close relationship with the Acquia and Drupal association, Kellton Tech has been able to set a benchmark with innovative solutions and offerings





## Sponsored **Software AG** North America User Group Meeting 2018

**Kellton Tech** has been servicing the Software AG community since 1997. As the only sponsors of the event, Kellton Tech was excited to partner with Software AG for these intimate, one-day gatherings.

We had this opportunity of connecting directly with other Software AG experts and be a part of this unique knowledge forum.





## Official Digital Partner for **GIL India 2017**

As an official digital partner for various events, Kellton Tech developed a user-friendly app for the event to provide information such as itinerary, videos, and much more to its participants.

This time we offered location-based analytics (Footfalls, Heat Maps) as well as an added option of allocation-based game Scavenger Hunt which uses Beacon technology to the event organizers.



## Unleashing Digital Experiences for **NASSCOM** Forum Attendees

We have developed an IoT and analytics-enabled mobile app for NASSCOM India Leadership Forum. The app uses gamification to engage audiences and lists various sessions and speakers. Attendees can provide real-time feedback, receive instant alerts and notifications, and allow attendees to digitally network amongst themselves.

The app has been able to redefine the digital experience for all the attendees of the forum.



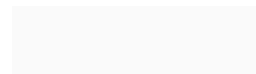




## Platinum Sponsors for **Innovation Tour 2017**

As a strategic platinum sponsor in Software AG's Innovation Tour 2017, Kellton Tech embraces innovation in the industry.

This event gave a golden opportunity to partner with Software AG and various industry leaders and takes a step forward in transforming businesses anytime, anywhere.





Kellton Tech  
was a Gold Sponsor of **SAP  
Fiori UX/SAP Cloud Platform  
Customer Forum**, New York

As a long-standing SAP strategic business partner, Kellton Tech was at the event not just to gain insights, but also as proud gold sponsors.

An absorbing and engaging session was taken by Kevin Huston and Prasad Bhandari to discuss the best practices we adopt for achieving results with SAP Fiori User Experience (UX) and SAP Cloud Platform. A number of industry leaders were privy to the session which clearly talked about how to leverage SAP cloud platform and jumpstart your digital transformation journey.



## FINANCIAL HIGHLIGHTS

EPS



2018  
2017

06.60  
05.39

22% ↑

EBITDA



2018  
2017

121.12  
85.70

41% ↑

NETWORTH



2018  
2017

260.14  
177.38

47% ↑

NET PROFIT



2018  
2017

68.39  
53.06

29% ↑

TOTAL REVENUE



2018  
2017

786.22  
618.49

27% ↑



# KELLTON TECH SOLUTIONS LIMITED

## THE WORKFORCE

### Accelerating Workforce Reskilling

It isn't without a reason that the adage "Infinite Possibilities with Technology" is structured in our DNA. It encapsulates our ethos manifested through our meteoric aspirations as we endlessly strive hard to scale new heights.

This year too, like it has become customary, was nothing less than extraordinary as Kellton Tech achieved remarkable feats by redefining market trends. All this was made possible by the acumen of our exuberant human workforce that continues to work tirelessly to establish new benchmarks of excellence.

*"The culture here fosters innovation, creativity, and leadership. People who like to work on cutting-edge technologies develop cutting-edge solutions for the clients,"* says Rachita, our Project Manager.

### Our Work Culture

The Company is driven by passionate and highly engaged workforce. This is evident from the fact that the Company made it to the Deloitte Technology Fast50 India 2017 list for the third time. The credit for this prestigious award goes to our proficient employees who are relentlessly engaged in dispensing their duties flawlessly.

We, at Kellton Tech, are always appreciative of talent. Our HR policies are focused on ensuring that the workforce at the company is motivated and enthusiastic about working with the organization. As a testimonial of our diligent efforts to promote a strong work culture, The CEO magazine, in its May 2017 Special Edition, ranked us amongst the best

digital transformation services companies to work for.

Quoting our CEO Karanjit Singh from The CEO magazine's feature article, "Working with us is not about being tasked with a series of projects, but a continuous journey wherein the organization and employee grow together."

In our continuous endeavor to create a stress-free work environment, we give our employees the freedom to follow their passions. Your company frequently conducts training sessions for strengthening and further consolidating the skill sets of employees as an integral part of our employee engagement programme. Mentoring and nurturing our employees to adapt and amalgamate into the corporate culture is our ultimate goal.

### Talent Acquisition

Kellton Tech's talent acquisition strategy involves hiring a judicious mix of laterals and trainees in order to ensure that the right people are hired at the right time. The Company's college recruitment efforts in the US, Europe, and India are progressing well. We recruit graduates from Top B schools for key business roles.

### Talent Diversity

Kellton Tech is an equal opportunity employer and has employees from different races, nationalities, gender, religion, marital status, and age. Our compensation levels are based on performance, skills, and experience levels.

Your Company also has progressive policies such as extended parental leave, women security, re-orient-





tation programme to help employees re-connect after long leave, and special leadership programmes to address the needs of various employees.

## **Talent Development**

The company believes that the path to enduring 'people success' is by defining training programmes that enable our global, diverse workforce to constantly "Upskill" and "Reskill" themselves. The Company has been reimagining its talent acquisition, development, and engagement functions.

Our leadership development program is at the heart of our people development strategy and focuses on developing leadership skills among the employees. Using this program, we build a culture that emphasizes on ownership and entrepreneurial culture. The entrepreneurial spirit that an employee imbibes while working for Kellton Tech, is in reality, a mindset, which involves critical questioning, innovation and making continuous efforts towards self-improvement.

Your Company conducts a soft skills program to help employees realize their potential. Meditation Sessions are conducted every day to present concepts of why it is important and how employees should do it to relax and maintain the continuity of their energies. Success stories, challenges, and how to channelize emotions and thoughts to improve stability—physically, emotionally and mentally—are discussed to bring about a 'cool culture' in the company.

***What distinguishes our training programmes from the conventional run-of-the-mill training programmes?***

One-to-one mapping helps build a special mentor-mentee relationship that helps in personalized assistance and better communication between employees. Teams here are encouraged to conduct weekly meet-ups to explore new possibilities outside their work domain. These meet-ups ensure that ideas flow freely, promoting team spirit and ensuring that the knowledge-base of team members are expanded. Employees are allotted fully-dedicated learning periods to help them gain hands-on expertise in niche, emerging technologies.

We discourage propagating department culture as we strongly believe that Kellton Tech is one team and should function as a cohesive unit. Cross-migration of select employees between departments is a common practice if a match happens between the talent and opportunity.

Our philosophy is to empower our employees to climb up from the lowest rung of the ladder to the pinnacle of success.

## **Talent Engagement**

We feel that it's quintessential at times to allow the team to let off some steam by indulging in fun activities and group celebrations. Your organization has always been instrumental in putting together team activities like countryside excursions, sports tournaments, etc. so that you return back to the workplace rejuvenated.

India is a country which loves festivals and this sentiment extends to the office as well. We at Kellton Tech, too, celebrate festive occasions with all the rituals and traditions, right from Holi, Diwali to Christmas.



Our HR department, diligently and painstakingly, keeps innovating newer ways of providing our employees a respite from the monotonous routine. The basic idea behind these efforts is to keep our organization people-focused, to say the least.

Group celebrations at workplace help break existing hierarchies and boundaries along with shedding inhibitions. These are the moments when people let their guard down and intermingle. The customary office rules can be given a break and everyday dynamics ignored.

To put it more precisely, the dogma of our faith is not only defined by the proverb *"Infinite Possibilities with Technology"* but also providing *"Infinite Opportunities to our Valued Employees."*



## **GLOBAL OFFICES**



Through our PlanetPro acquisition, we have strengthened our position in the APAC region. We now have new offices in Singapore and Bangalore.



## Management Discussion and Analysis Report

### INDUSTRY OVERVIEW

#### Economy

The world economy which was dormant for the last couple of years started to show an upward trend from 2017 onwards. After a poor showing in 2016, big economic gains were expected in FY 2017-18. Factors like optimistic financial markets, recuperation of manufacturing activities, and improved trade relations were expected to act as catalysts for beefing up the global economy.

However, as per the World Bank's 2018 Global Economic Prospects, the growth in the world economy is expected to decelerate over the next two years, after reaching 3.1% in both 2017 and 2018. The growth in the emerging market and developing economies (EMDEs) is also expected to grow up to 4.5% in 2018 and marginally rise further up to 4.7% in FY 2019-20 owing to maturing of the recovery in commodity exporters.

Although trade has been robust over the past two years, it is expected to moderate with the receding of recovery in capital spending. A sudden unexpected rise in global interest rates coupled with the US dollar remaining strong has severely affected the inflow of capital in EMDEs. Furthermore, higher than expected commodity prices, especially of crude oil have led to stagnation in the growth of the global economy.

The World Bank's most recent report further proj-

ects that India's GDP growth will increase to 7.7% in FY 2018-19. The implementation of the Goods and Services Tax (GST) has somewhat streamlined indirect taxation by widening the base and scope, bringing more people under the tax net, and triggering growth in the Indian economy. According to the report, India is expected to play a vital role in the global economy in the years to come.

#### The IT Industry

A closer look at the global IT horizon indicates that the year 2018 will bring a profound change in the industry. Computing Technology Industry Association's (CompTIA) consensus forecast has projected a growth of 5% across the global tech sector in 2018. Industry experts attribute this positive sentiment to robust customer demand and the uptake of emerging product and service categories. A formidable growth in revenue should follow suit.

The most notable trend to have emerged in 2018 is Cloud and IoT technologies entering a new phase of maturity and expanding their footprint across almost all IT verticals.

According to research consultancy IDC, the global information technology (IT) industry crossed \$4.5 trillion in 2017. If this positive trend continues, by the end of 2018, spending will surpass the \$4.8 trillion mark.

In 2018 too, the United States has continued to remain the largest tech market of the world with an impressive 31% share, or approximately \$1.5 trillion



in monetary value. The Asia-Pacific region, comprising of India, China, Japan, Australia, and a few surrounding countries, together accounts for one-third of market share in the global IT business. Out of all the countries, China and India have emerged as the most significant players.

Specifically focusing on the Indian IT sector, the National Association of Software and Solutions Companies (NASSCOM) recently projected a 7-9% growth rate for India's IT-BPM industry for 2018-19, as against 7.8% in 2017-18. According to NASSCOM, India's IT exports are also expected to touch \$137 billion in 2018-19 as against \$126 billion in 2017-18. Furthermore, in 2018-19, the industry is expected to add another 1 lakh jobs along with \$14-16 billion in revenues.

Addressing a press conference at Hyderabad, in February this year, NASSCOM President R Chandrashekhar said, **"Despite multiple headwinds, the industry continues to grow."**

Citing the global projections by Gartner and Forrester that hint towards a sharp increase in digital spending by companies, Chandrashekhar said that, "India's digital business could touch \$310 billion by 2020, from the present \$180 billion."

## BUSINESS

### Overview

In keeping with its commitment to building an expansive global network and bringing the benefits of high-value digital experiences to more clients, Kellton Tech acquired PlanetPro in April 2018. With this acquisition, your Company cemented its position further across the Asia-Pacific region.

Headquartered in the United States, PlanetPro spe-

cializes in leveraging sales and marketing performances for businesses by delivering its actionable insights through analytics. Additionally, the company also holds expertise in maximizing the competency of Salesforce.com and its entire ecosystem of applications for businesses.

With the acquisition of PlanetPro and the blend of distinct specializations, Kellton Tech has gained an advantage of strengthening its spectrum of analytics solutions across functional domains and technology platforms. By channelizing PlanetPro's market experience in the Asia Pacific region, Kellton Tech is poised to expand its digital, creative and customer service capabilities for larger Asian engagements. Given our tactical approach to partnerships and acquisitions, we have spanned at a light-catching pace in the recent years and demonstrated our commitment to driving improved digital efficiencies and creativity for customers across the globe.

### Strategy

Kellton Tech thrives on its two-fold inorganic growth strategy. We eye inorganic opportunities of productive mergers and acquisitions to grow into new markets, acquire more customers, consolidate our bottom-line offerings and business drivers, and gain economies of scale. We provide fillip to the enterprises with enormous potential to grow, and help them beat the downturn. Through this strategy, Kellton Tech has catapulted to the commanding position of Trusted Digital Partner with a global outreach, and a truly diversified customer bank.

Your Company's overall business strategy for long-term growth also involves focusing on fulfilling the client expectations, delivering superior outcomes, and investing in new, emerging technologies. In FY18, your Company has partnered with some of



the industry-leading clients across multiple industries and delivered digital solutions par excellence. We provided strategic solutions to a US-based retirement solutions provider, achieved omnichannel reach for a global restaurant chain, and leveraged digital competencies for a leading US newspaper. With such a big roster of premium-level clients and the future-ready digital solutions, Kellton Tech has set the stage for high-decibel growth performance, year after year.

The Company also continues to move on its path of digital transformation. We are working hard on the new family of exponential technologies to uniquely position ourselves and enable our clients to reduce implementation time and improve customer satisfaction.

## Technology

The digital revolution engulfing us today is undeniable. Businesses are riding high on the digital wave and are looking at building necessary skills and capabilities to enhance customer experiences and accomplish business sustainability while reducing costs and improving productivity. Clearly, the digital revolution has been sweeping in its effect and showing no signs of saturation at any given point.

Gartner, in a report, has noted that more than 75% of the business will be a digital business, or will be preparing to become digital by 2020. Your Company perceives these first flushes of an all-digitized world as an incredible opportunity to capitalize on the scoring chances and make a difference with its range of offerings in the Artificial Intelligence (AI), Analytics & Big Data, Chatbots, Augmented Reality (AR), Virtual Reality (VR), and Blockchain among other innovative technologies. We are aiming at empowering the functional DNAs of the companies

with our Digital Transformation solutions and simplifying their paths of adoption for competitive advantage. The share of our digital revenue is 67.61% and is expected to increase rapidly in the years to come. We are also focusing our investments on the Internet of Things (IoT), Analytics, Mobility, and Cloud adoption to become global leaders.

Conversant with latest technologies and trends, your Company is working tirelessly to foster the next wave of digitization. We have built differentiated offerings and products to tap into new revenue streams and serve our clients with a 360-degree view.

Company's relentless focus on analytics, automation, IoT, and AI through its proprietary Optima platform is helping it differentiate in the market place. Its cutting-edge work in these areas has been recognized by industry-leading companies all over the world.

## Outlook

Your Company drives on digital expediency and growth compulsions to build undisputed expertise in various technologies and strengthen digital capabilities at scale. The company has invested significantly in every established, trending, and innovative technology in the docket to galvanize its domain knowledge. We strategically mix traditional and IP-based solutions to catalyze digital futures.

Today, enterprises want to work with partners that are agile, adopt new digital technologies fast, and can co-create solutions with them. Our sustained investments in digital and exponential technology to enhance our digital capabilities and scale our digital business have helped us establish ourselves as the partner-of-choice for our clients worldwide.



## RISKS AND CONCERNS

### GDPR and Compliance Risks

Data protection and privacy, after a torrent of high-profile leak scandals in the recent years, became a thorny subject that commanded serious corrective measures. In the wake of escalating global tensions and a substantial need for a legal framework to curb data breaches, the European Union's GDPR (General Data Protection Regulation) was rolled out, giving more control to the customers over how companies use their data. The law presented compliance challenges for millions of organizations across the world, including us. Even after building a high-capacity, robust data protection programme, we found ourselves tied up with several compliance risks and the need for urgent operational reforms to sit well within the period of transition. We started by implementing technologies that embrace privacy in their design and support data portability. This was done to prioritize data privacy as our strategic core of development and allow system-to-system interoperability. Further, we trained our employees on data protection and gave them industry-specific insights. Our training sessions were aimed at making our workforce deeply aware of the global privacy crisis and gaping trust deficit the digital industries are dealing with today. The sessions also focused on instilling a sense of collective responsibility to secure the privacy of our clients by obtaining data only after a clear consent.

### Data Privacy

Fredrick Bergstrom famously declared data as the 'new gold'. He perhaps had a premonition of imminent dangers coming our way—Data Heists and Cyber Security Attacks.

While digital technologies continue clocking up a new innovation high every year, the magnitude of the problem, involving cyber pirates obtaining data unlawfully and extorting money in exchange of it, has increased. At a time when data thefts and cyber thefts are making new records and jolting the digital climate, it's important to innovate and build systems while approaching the matters of security with an iron fist. Kellton Tech has strict data security methodologies and risk assessment programs in place to ensure complete encryption and confidentiality of the user data; thereby enhancing company-customer relationships and delivering superior service value.

### M&A Integration Risks

Any organization with a string of acquisitions and mergers to its credit should aim for end-to-end M&A workflows and seamless integrations of disparate digital infrastructures. The imperative lies in achieving strategic objectives while incorporating all the essential areas into one standard process. Kellton Tech recognizes due diligence as the key to avoid M&A integration risks. We have acquired Companies to branch out in different markets and draw up a global footprint. We have a coordinated, well-defined strategy to plan acquisitions with careful thought while leaving no weak links for any inefficiency to crop in. Kellton Tech has a focused M&A team, helmed by a seasoned management. It exercises due diligence to evaluate every deal and establishes its commercial potential for maximized returns and growth advantages.

### Global Political and Economic Risks

The political and economic scenarios of a specific geography have both direct and indirect impact on



an organization's IT spends and growth momentum. For instance, if an organization branches out to the US markets, an upturn in the economy will boost its growth prospects and vice versa. To kill over-dependency on one single market, ensure sustained growth and be an evolving player in the global business environment, Kellton Tech has offshored to the APAC and European regions with a semantic business outlook. We have created a thoughtful growth strategy, enabling us to plant a firm foot in the most influential economies at one time and ensure a consistent presence.

## **Competition**

Digital Transformation has been an all-embracing disruption. Businesses are hopping on the bandwagon to offer a confounding variety of digital solutions. However, it's quite perplexing for the client to choose a partner. In that case, brand differentiation is a critical mainstay for enterprises looking to sort out best digital offerings from the trove. Kellton Tech, in its capacity as a global leader in digital transformation, emphasizes on the need of persistent research and development of next-gen technologies, competition analysis, and pushing the innovation agenda to unexplored levels.

## **Material Developments in Human Resources**

Your Company recognizes talent and skillsets as a crucial enabler of operational drift and efficiency within an organization. It's always striving to attract and retain the right talent to break out of the strait-jackets of extreme redundancies and dull workflows. We have sown a culture that instills a creative spirit and promotes continuous skilling and reskilling. This warm, inclusive, and approachable way of handling manpower is the biggest enabler of our competitive, ever-dynamic landscape.

At Kellton Tech, employees are given new goals, passions, and ambitions to chase, every day. Regular training sessions evoke new interests, broaden their capabilities, and help them work in tandem with emerging technologies, which collectively makes your Company efficient and competent to realize larger business benefits and objectives.

At a time when the market is hyper-competitive and ripe with potential barriers that test businesses to extremes, Kellton Tech has navigated every technology change by investing in talent development and a culture of lifelong learning.





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1.	Mr. Niranjan Chintam	-	Chairman & Whole-Time Director
2.	Mr. Krishna Chintam	-	Managing Director
3.	Mr. Karanjit Singh	-	Chief Executive Officer (Whole Time Director)
4.	Mr. Srinivas Potluri	-	Non-Executive Director
5.	Mr. Rajendra Vithal Naniwadekar	-	Independent, Non-Executive Director
6.	Mr. Brijmohan Venkata Mandala	-	Independent, Non-Executive Director
7.	Ms. Kunda Kalpana	-	Independent, Non-Executive Director
8.	Mr. P V V Srinivasa Rao	-	Independent, Non-Executive Director

### KEY MANAGERIAL PERSONNEL

Mr. Krishna Chintam	Managing Director
Mr. Niranjan Chintam	Chief Financial Officer
Mr. Karanjit Singh	Chief Executive Officer
Ms. Pawni Bhawe	Company Secretary

### COMMITTEES OF THE BOARD

#### Audit Committee

Name	Category of Director	Designation
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Niranjan Chintam	Executive Director	Member

#### Nomination & Remuneration Committee cum Compensation Committee

Name	Category of Director	Designation
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Srinivas Potluri	Non-Executive Director	Member

#### Stakeholders Relationship Committee

Name	Category of Director	Designation
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Chairman
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Member
Mr. Krishna Chintam	Executive Director	Member

#### Corporate Social Responsibility Committee

Name	Category of Director	Designation
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Krishna Chintam	Executive Director	Member



## Risk Management Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Niranjan Chintam	Executive Director	Member

## Securities Issuance Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Niranjan Chintam	Executive Director	Chairman
Mr. Krishna Chintam	Executive Director	Member
Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Member

## **CORPORATE IDENTITY NUMBER : L72200TG1993PLC016819**

### **CORPORATE OFFICE**

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

### **REGISTERED OFFICE**

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

### **STATUTORY AUDITORS**

M/s. Sastri& Shah  
Chartered Accountants,  
7-1-24/2,  
Begumpet  
Hyderabad – 500 016, Telangana  
Email Id: sastrinshah@gmail.com  
Tel No.: 040-23731400

### **INTERNAL AUDITOR**

Mr. Kiran Yeturu

### **SECRETARIAL AUDITOR**

Mr. NVSS Suryanarayana Rao,  
Practicing Company Secretary

### **SHARE TRANSFER AGENTS & DEMAT REGISTRARS**

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

### **WEBSITE**

www.kelltontech.com

### **COMPLIANCE OFFICER**

Ms. Pawni Bhawe  
Company Secretary

### **BANKERS**

Axis Bank | Corporate Banking Branch , Hyderabad – 500 034  
Standard Chartered Bank | Jubilee Hills Branch -500033  
ICICI Bank | Khairatabad Branch – 500 004  
Karur Vysya Bank | Secunderabad – Branch  
IndusInd Bank | Secunderabad – Branch  
HDFC Bank | Begumpet - Branch



## **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of the notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the following addresses.

<b>CORPORATE OFFICE</b>	<b>SHARE TRANSFER AGENTS &amp; DEMAT REGISTRARS</b>
Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033 Telangana Tel No - 040-44333030 Email id: compliance@kelltontech.com Website: www.kelltontech.com	M/s XL Softech System Limited 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana e-mail ID: mail@xlsoftech.com Phone: 040-23545913
SEBI has made it mandatory for every participant in the Securities/Capital Market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with photocopy of both sides of PAN card, duly attested to the Demat Registrar and Share Transfer Agent of the Company, M/s XL Softech System Limited as above.	



## NOTICE OF 24<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the members of Kellton Tech Solutions Limited will be held on Friday, September 28th, 2018 at 11:00 a.m at Ebony Boutique Hotel, Door no. 8-2-120/C/198/192,Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033 to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt :

- the Audited Standalone Financial Statements of the Company for the financial year ended March 31st, 2018, the Report of the Board of Directors and the Report of the Auditors thereon; and
- the Audited Consolidated Financial Statements of the Company for the financial year ended March 31st, 2018 and the Report of the Auditors thereon.

2. To appoint a director in place of Mr. Niranjan Reddy Chintam(DIN: 01658591), who retires by rotation and being eligible offers himself for re-appointment.

3. To approve the appointment of Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and as approved by the Board of Directors, the approval of members of the Company be and is hereby accorded for appointment of M/s. PARY&Co ,Chartered Accountants (Firm Registration No. FRN007288C) as the Statutory Auditors of the Company, in place of the resigning auditors M/s. Sastri& Shah, Chartered Accountants, to hold office from conclusion of this meeting till the conclusion of the 25th Annual General Meeting, for a period of one (1) year , at such remuneration as may be fixed by the Audit Committee and Board of Directors of the Company.”

### SPECIAL BUSINESS:

#### 4. Pledging of shares of subsidiaries for availing loans.

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

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(a), other applicable provisions under Companies Act, 2013 as may be amended from time to time, Articles of Association of the Company, and subject to the approvals of the Reserve Bank of India, Financial Institution(s), as may be required and such other approvals, permissions and sanctions of Appropriate Authorities, as may be applicable and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter 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) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, consent of the Members of the Company, be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board),for creation of pledge over 100% of equity shares held as investment by the company , in its wholly owned Subsidiaries and step-down subsidiaries (through its wholly owned subsidiaries) in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, as and when required, in favour of the Consortium of Banks situated in India or abroad, as a collateral securities in terms of the stipulations by the Banks and Financial Institutions for the Loans and credit facilities sanctioned by them to any of subsidiaries of the company.



**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to take such steps, as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate, on behalf of the Company for the purpose of giving effect to the aforesaid Resolution.”

## 5. Approval for giving loan and corporate guarantee

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

**“RESOLVED** that pursuant to Section 186 and other applicable provisions of the Companies Act, 2013, the Companies (Meetings of Board and its Powers) Rules, 2014, Articles of Association of the Company, any other applicable provisions, if any and subject to necessary approvals, if required, approval of the shareholders be and is hereby given to the Board of Directors for giving of guarantee or providing security in connection with a loan to any other body corporate or person up to an amount, the aggregate outstanding of which should not, at any time, exceed Rs.2,00,00,00,000 (Rupees Two Hundred Crore only) which shall be over and above (i) the aggregate of free reserves and securities premium account, and (ii) the aggregate outstanding amount of loans/ guarantees/ securities/ investments, given/ provided/ made, from time to time.”

**“RESOLVED FURTHER** that the Board of Directors is hereby authorized to decide, from time to time, the amounts to be invested, loans / guarantees to be given and securities to be provided to any person and / or bodies corporate within the above mentioned limits, finalize terms and conditions, execute necessary documents, delegate all or any of these powers to any Sub-Committee/ Director(s) / Officer(s) of the Company, settle any question, difficulty or doubt that may arise in this regard and do all acts, deeds and things which it considers proper for giving effect to this resolution.”

## 6. Further issuance of securities

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

**“RESOLVED THAT** pursuant to the provisions of Sections 42 and 62(1)(c) read with the rules and regulations made thereunder and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force) (“Companies Act”), the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (including any amendment, modification, variation or re-enactment thereof) (“ICDR Regulations”) and in accordance with the provisions of the Memorandum and Articles of of the Company, the ICDR Regulations, the applicable equity listing agreements entered into by the Company Association with the stock exchange(s) where the equity shares of the Company of face value of Rs. 5 each (“Equity Shares”) are listed or are currently proposed to be listed, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, the provisions of the Foreign Exchange Management Act, 1999, including any amendments, statutory modification(s) and/ or re-enactment thereof (“FEMA”) and the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000 including any amendments, statutory modification(s) and/ or re-enactment thereof, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended (“FCCB Scheme”) and the Depository Receipts Scheme, 2014 (“GDR Scheme”) and all other applicable statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the Government of India (“GOI”), Ministry of Corporate Affairs (“MCA”), the Reserve Bank of India (“RBI”), BSE Limited and National Stock Exchange of India Limited (“Stock Exchanges”), the Securities and Exchange Board of India (“SEBI”), and/ or any other regulatory/ statutory authorities, in India or abroad from time to time, to the extent applicable and subject to the consents and approvals of any regulatory/ statutory authorities and guidelines and clarifications issued thereon from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such



approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board to exercise its powers including powers conferred by this resolution), the Company be and is hereby authorised to offer, issue and allot (including with provisions for reservations on firm and/ or competitive basis, for such part of issue and for such categories of persons as may be permitted) such number of Equity Shares, global depository receipts ("GDRs"), American depository receipts ("ADRs"), foreign currency convertible bonds ("FCCBs") and/or other securities convertible into Equity Shares (including warrants, or otherwise), fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants and/or convertible preference shares or any security convertible into Equity Shares (hereinafter referred to as "Securities"), or any combination thereof, in one or more tranches, in the course of Indian and / or international offering(s) in one or more foreign markets, for cash, at such price or prices, at market price(s) or at a discount, as may be permissible under applicable law or premium to market price(s) in terms of the applicable regulations and as permitted under the applicable laws, in such manner in consultation with the merchant banker(s) and/ or other advisor(s) or otherwise, for an aggregate amount up to Rs. 175 crores (Rupees One Hundred and seventy five crores only) by way of a public issue or a private placement, including a qualified institutions placement ("QIP") in accordance with the provisions of Chapter VIII of the ICDR Regulations, to such investors that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers ("QIBs") as defined in the ICDR Regulations, document(s), whether or not such investors are members of the Company, to all or any of them, jointly or severally through an offer/ placement document and/ or other letter or circular ("Offering Circular") as may be deemed appropriate, in the sole discretion by the Board in such manner and on terms and conditions, including the terms of the issuance, security, fixing of record date, and at a price not less than the price calculated as per the applicable pricing formulae and as may be permitted by the relevant regulatory/ statutory authority, together with any amendments and modifications thereto, but without requiring any further approval or consent from the shareholders."

**"RESOLVED FURTHER THAT** the Securities proposed to be issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company, the Companies Act and other applicable law.

**"RESOLVED FURTHER THAT** the relevant date for the purpose of pricing the Securities shall be the meeting in which the Board decides to open the issue of such Securities, subsequent to the receipt of shareholders' approval in terms of the Companies Act, the ICDR Regulations, the FCCB Scheme, the GDR Scheme and other applicable laws, regulations and guidelines. In the event that convertible securities (as defined under the ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for the purpose of pricing of such securities shall be either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares."

**"RESOLVED FURTHER THAT** price determined for a QIP shall be subject to appropriate adjustments as per the provisions of Regulation 85(4) the ICDR Regulations, if required."

**"RESOLVED FURTHER THAT** in the event the proposed issuance of Securities ("Issue") is undertaken by way of a QIP, the allotment of Securities (or any combination of the Securities as decided by the Board) shall only be to QIBs, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 (twelve) months from the date of this resolution, approving the QIP or such other time as may be allowed under the ICDR Regulations from time to time at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations and the Securities shall not be eligible to be sold by the allottees pursuant to the QIP for a period of 12 (twelve) months from the date of allotment, except on a recognized stock exchange, or as may be permitted from time to time under the ICDR Regulations. Furthermore, the Board may, at its absolute discretion, issue Securities at such discount to the floor price as determined in accordance with the ICDR Regulations."

**"RESOLVED FURTHER THAT** the Company and/ or any agency or body authorized by the Company may issue ADRs or GDRs representing the underlying Equity Shares or other securities issued by the Company,



in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the proposed offering; and all such Equity Shares shall rank pari-passu with the existing Equity Shares of the Company in all respects and the Board is further authorized to execute necessary documents for the purpose of listing the Equity Shares on the Stock Exchanges.”

**“RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Securities may have such features and attributes or any terms or combination of terms in accordance with domestic and international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorised in its absolute discretion, in such manner as it may deem fit, to dispose of such of the Securities that are not subscribed. Furthermore, the Board is hereby authorized to enter into and execute all such arrangements/ agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of the Securities and to remunerate all such agencies including payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities in one or more stock exchanges in India and/or overseas as the case may be.”

**“RESOLVED FURTHER THAT** a duly constituted committee of the Board of Directors be and are hereby authorized to do all such acts, deeds, actions and sign such documents as may be required in furtherance of, or in relation to, or ancillary to, the Issue, including authorizing any director(s) or officer(s) of the Company to sign offer documents, execute any necessary documents, agreements, forms, deeds, appoint of intermediaries, open and close the period of subscription of the Issue, determine the issue price in respect of the Securities, file any necessary forms with regulatory authorities and allot the Securities and to amend, vary or modify any of the above as such committee of the Board of Directors or such authorised persons may consider necessary, desirable or expedient.”

**“RESOLVED FURTHER THAT** any Director of the Company and the Company Secretary, be and are hereby severally authorised to file/ submit such application(s) to RBI and/or SEBI and/ or stock exchanges and/or such other regulatory/statutory authorities, as may be required, for intimating/ seeking their approval in respect of the Issue, to sign such documents as may be required in furtherance of, or in relation to, or ancillary to, the Issue, and to do all such acts, deeds, matters and things and execute such papers, deeds and documents as may be necessary or expedient for the aforesaid purpose.

By the order of the Board  
For **Kellton Tech Solutions Limited**

Sd/-  
**Krishna Chintam**  
Managing Director  
DIN:01658145

**Place :** Hyderabad  
**Date :** 04/09/2018

**Registered Office**  
Plot No. 1367, Road No. 45,  
Jubilee Hills,  
Hyderabad – 500 033  
Telangana



## NOTES :

- 1.** An Explanatory Statement under Section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and forms part of this notice.
- 2.** The statement of the particulars of Directors seeking Appointment / Re-appointment is enclosed as Annexure A. as required under sub-regulation (3) of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- 3.** A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.  
Proxies in order to be effective must be received by the Company at its registered office not later than 48 (forty-eight) hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.  
A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
- 4.** Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning 24 ( twenty four) hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
- 5.** Members are requested to bring the Attendance Slip duly filled in and signed mentioning therein details of their DP ID and Client ID/ Folio No., which is enclosed herewith, and hand over the same at the entrance of AGM venue.
- 6.** Members who hold shares in dematerialised form are requested to bring their depository account Number (Client Id and DP Id No) for easier identification and recording of the attendance at the meeting.
- 7.** 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 at the Meeting.
- 8.** Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting
- 9.** Members/Proxies are requested to bring their copies of Annual Report to the meeting. As an austerity measure, copies of Annual Report will not be distributed at the meeting. Members may also note that the Notice of the 24th AGM and the Annual Report for 2017-2018 will also be available on the Company's website [www.kelltontech.com](http://www.kelltontech.com) for download.
- 10.** Members desirous of seeking any information on the accounts or operations of the company are requested to write to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
- 11.** In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person





on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.

**12.** Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar & Share Transfer Agent, M/s XL Softech System Limited. Members holding shares in electronic form must send the advice about the change of address 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.

**13.** Members holding shares under multiple folios are requested to consolidate their holdings, if the shares are held in the same name or in the same order of names.

**14.** 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 System Limited to facilitate dematerialisation of shares. Members are requested to avail of this facility and have their shareholding converted into dematerialised form.

**15.** Relevant Documents referred to in the accompanying notice and the Explanatory Statement is open for inspection at the registered office of the company on all working days during the business hours up to the date of the Annual General Meeting.

**16.** In terms of Section 160, 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 Lakh).

**17.** The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with their respective Depository Participants. Members who hold shares in physical form are requested to fill and send the required details to the Registrar and Share Transfer Agent, M/s. M/s XL Softech System Limited at 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana.

**18.** 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 Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

**19.** Members holding shares in the company and who have not registered their mail id with the company or the depository and wish to avail e-voting may write to the registrar or the company quoting their client id/ folio no and DP id so as to send the password for e-voting. Hard copy of the ballot paper will be provided at the venue of the AGM for those members who have not exercised their e-voting.

**20.** Pursuant to prohibition imposed vide Secretarial Standards on General Meetings (SS-2) issued by ICSI and the MCA Circular, no gifts shall be distributed at the meeting.



**21.** The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address are registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

**22.** With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on June 8, 2018 to permit transfer of listed securities only in the dematerialized form with a depository. In view of the above and the inherent benefits of holding shares in electronic form, we urge the shareholders holding shares in physical form to opt for dematerialization.

**23.** Voting through electronic means:

In compliance with the provisions of section 108 of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014, amended by the Companies (Management and Administration) Amendment Rules, 2016 and all other applicable provisions, shareholders are provided with the facility to cast their vote electronically, through the Remote e-voting services provided by CDSL, in respect of all resolutions set forth in this Notice.

The Company is also providing the facility for voting by way of physical ballot at the Annual General Meeting. Ms. Suman Bijarnia, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the Ballot process at the Annual General Meeting in a fair and transparent manner.

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

Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

A person whose name is recorded in the registrar of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e, 20.09.2018 only shall be entitled to avail the facility of remote e-voting.

**1.** 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 24th Annual General Meeting (AGM) by electronic means and the business may be transacted through Remote E-Voting platform provided by CDSL.

The instructions for Remote E-Voting are as under:

**II.** The instructions for shareholders voting electronically are as under:

**III. (i)** The voting period begins on 25.09.2018 and ends on 27.09.2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



**(ii)** Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

**(iii)** The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

**(iv)** Click on Shareholders.

**(v)** 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.

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

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

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

**a)** For Members holding shares in Demat Form and Physical Form PAN Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

**b)** 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.

**c)** 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 3 Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

**d) Dividend Bank Details OR Date of Birth (DOB)** Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

**e)** If both 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 (v).

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

**(x)** 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.

**(xi)** For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

**(xii)** Click on the EVSN for the relevant on which you choose to vote.



**(xiii)** 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.

**(xiv)** Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.

**(xv)** 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.

**(xvi)** Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

**(xvii)** You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page. 4

**(xviii)** If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xix)** Note for Non – Individual Shareholders and Custodians Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian• are required to log on to [www.evotingindia.com](http://www.evotingindia.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](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.

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

**IV.** The Scrutinizer Ms.Suman Bijarnia, Practicing Company Secretary., Hyderabad shall within a period not exceeding three (3) working days from the conclusion of the Remote 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.

**V.** 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 [www.kelltontech.com](http://www.kelltontech.com) and on the website of XL Softech System Limited within two (2) days of passing of the resolutions at the AGM of the Company and be communicated to the Stock Exchanges



## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item Nos. 4, 5 & 6 of the accompanying Notice dated September 4th, 2018.

### **Item No.4**

#### **Pledging of shares of subsidiaries for availing of loans.**

As mentioned under item 4 above, the wholly-owned subsidiaries of the Company contribute to a large extent to the revenue of the Company and therefore, have extensive working capital needs. The terms of sanction, as stipulated by Lenders to the subsidiaries inter alia include providing securities by the holding Company (by pledge of shares held by the Company in the wholly-owned subsidiaries in favor of the Consortium of Banks in India or abroad).

As per Section 180(1)(a), the Company is required to obtain consent of the Shareholders by way of Special Resolution, if the transaction involves the selling, leasing, or otherwise disposing off the whole or substantially whole of an undertaking in which the investment of the Company exceeds 20% of its net worth. The investment of the Companies in its wholly owned subsidiaries is more than 20% of its net worth as per the audited financial statements of the Company. Therefore, the Company seeks the approval of its members for pledging of its shares held in its wholly-owned subsidiaries for availing credit facilities for its Subsidiaries.

The consent of the Members is sought by way of Special Resolution at item no.4 to facilitate provision of Securities to Lenders by way of pledge of shares of its subsidiaries. The Board recommends the Resolution for approval by the Members.

None of the Directors, Key Managerial Personnel and their relatives may be deemed to be concerned or interested in the Resolution.

### **Item No.5**

#### **Approval for giving loan and corporate guarantee**

Pursuant to the provisions of Section 186 of the Companies Act, 2013, a company can give any loan, guarantee, provide security or make investment in shares, debentures etc. up to an amount of 60% of its paid up capital, free reserves and securities premium account or 100% of free reserves and securities premium account, whichever is higher.

A company may give loan, guarantee, provide security or make investment in shares, debentures etc. exceeding the above limits with the prior approval of shareholders by means of a special resolution.

The Board of Directors in its meeting held on 04/09/2018 approved giving of any loan, guarantee upto an amount of Rs. 200 Crore over and above (i) the aggregate of free reserves and securities premium account, and (ii) the aggregate outstanding amount of loans/ guarantees/ securities/ investments given/ provided/ made from time to time.

Company is required to execute Corporate Guarantee(s) in favour of the lenders granting term loan and working capital facilities and hence it is put up before the members that Board of Directors be empowered for grant of loan, corporate guarantee in excess of (i) the aggregate of free reserves and securities premium



account, and (ii) the aggregate outstanding amount of loans/ guarantees/ securities/ investments given/ provided/ made, from time to time for an aggregate amount not exceeding Rs. 200 Crores Only in favour of the secured lenders.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

None of the directors, Key managerial personnel or their relatives are interested in the above said item of business.

## **Item No.6**

### **Further issuance of securities**

Members may note that this special resolution is to enable the Company to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds ("FCCBs"), and/or other securities convertible into Equity Shares (including warrants, or otherwise), fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants and/or convertible preference shares or any security convertible into Equity Shares and such other securities as stated in the resolution ( "Securities") or any combination thereof, by way of a public issue or a private placement, including by way of a qualified institutions placement ("QIP") in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), in one or more tranches, at such price as may be deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with lead manager(s) and other agencies that may be appointed.

This special resolution is an enabling resolution and therefore the proposal seeks to confer upon the Board (including a committee thereof) the absolute discretion to determine the terms of the aforementioned issuance of Securities, including the exact price, proportion and timing of such issuance, based on an analysis of the specific requirements. The detailed terms and conditions of such issuance will be determined by the Board or a committee thereof, in consultation with the advisors, lead managers and such other authorities as may be required, considering prevailing market conditions, practices and in accordance with the applicable provisions of law.

This special resolution enables the Company to issue Securities for an aggregate amount not exceeding Rs. 175 Crores (Rupees One Hundred and Seventy Five crores only) or its equivalent in any other foreign currencies.

In the event such issuance of Securities is undertaken by way of a QIP, the allotment of Securities shall be completed within a period of 12 months from passing this resolution.

The proceeds of such issuance of Securities shall be utilised to meet, amongst other things, capital expenditure of the Company and any of its subsidiaries, including any acquisition opportunities, working capital requirements of the Company and general corporate purposes.

In the event that the issuance of the Securities is undertaken by way of a QIP, the pricing shall be subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR regulations ("QIP Floor Price").



Provided that, the Company may offer a discount of not more than 5% or such other percentage, as may be permitted, on the QIP Floor Price, calculated in accordance with the SEBI ICDR Regulations.

Alternatively, issuances of FCCBs or ADRs / GDRs shall be subject to pricing requirements prescribed under the FCCB Scheme or GDR Scheme, as applicable.

The "relevant date" for the purpose of pricing the Securities shall be the meeting in which the Board or a committee thereof decides to open the issue of such Securities, subsequent to the receipt of this shareholders' approval in terms of the Companies Act, the ICDR Regulations, the FCCB Scheme, the GDR Scheme and other applicable laws, regulations and guidelines. In the event that convertible securities (as defined under the ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for the purpose of pricing of such securities shall be either the date of the meeting in which the Board or a committee thereof decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares."

As the issuance of Securities may result in the issue of Equity Shares of the Company to investors who may or may not be members of the Company, consent of the members is being sought pursuant to Section 42 and 62(1) and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and being applicable and in terms of the provisions of the equity listing agreement entered into by the Company with the stock exchanges where the Equity Shares of the Company are listed, and are proposed to be listed, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

The Board believes that the proposed offering is in the interest of the Company and therefore recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is directly or indirectly concerned or interested in this Resolution.

By the order of the Board  
For **Kellton Tech Solutions Limited**

Sd/-  
**Krishna Chintam**  
Managing Director  
DIN: 01658145

**Place :** Hyderabad  
**Date :** 04/09/2018

**Registered Office**  
Plot No. 1367, Road No. 45,  
Jubilee Hills,  
Hyderabad – 500 033  
Telangana



## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of your company for the financial year ended March 31st, 2018.

### Financial Results

The standalone financial performance of the Company for the financial year ended March 31, 2018 is summarized below :

#### Standalone

(Amount in Rs.)

Particulars	2017-18	2016-17
Revenue from operations	1,22,54,38,764	76,49,69,400
Other Income	2,47,52,266	2,19,77,058
Total Revenue	<b>1,25,01,91,030</b>	<b>78,69,46,458</b>
Total Expenditure	1,10,95,21,753	66,61,81,371
Profit/(Loss) before taxes	<b>14,06,69,277</b>	<b>12,07,65,087</b>
Tax Expense/(Benefit)	(4,21,11,834)	(4,10,08,924)
Profit/(Loss) after Tax	<b>9,85,57,443</b>	<b>7,97,56,163</b>
Earnings per equity shares in Rs.	<b>1.04</b>	<b>0.84</b>

#### Consolidated

(Amount in Rs.)

Particulars	2017-18	2016-17
Revenue from operations	7,83,47,99,953	6,14,76,98,590
Other Income	274,43,022	372,24,475
Total Revenue	<b>7,86,22,42,975</b>	<b>6,18,49,23,065</b>
Total Expenditure	6,86,75,97,318	5,47,30,95,281
Profit/(Loss) before taxes	<b>99,46,45,657</b>	<b>71,18,27,784</b>
Tax Expense/(Benefit)	(31,06,97,960)	(18,12,02,630)
Profit/(Loss) after Tax	<b>68,39,47,697</b>	<b>53,06,25,154</b>
Earnings per equity shares in Rs.	6.60	5.39

### Review of Performance and state of the company's affairs

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 increased to Rs.1,25,01,91,030 from Rs. 78,69,46,458, while the Profit before Tax also increased from Rs. 12,07,65,087 to Rs.14,06,69,277.

The profit after tax also increased to Rs. 9,85,57,443 from Rs. 7,97,56,163 reported in the previous year. The earnings per share is Rs. 1.04 as compared to Rs. 0.84 in the previous year.





The Consolidated revenue of your Company for the year ended 31st March 2018 is Rs. 7,86,22,42,975 as against previous year revenue of Rs.6,18,49,23,065. The consolidated Net Profit for the year stood at Rs. 68,39,47,697 as against previous year consolidated net profit of Rs. 53,06,25,154.

## **Change in the nature of business, if any:**

There is no change in the nature of business of the Company or any of its subsidiaries or joint venture, during the year under review.

## **Dividend and Transfer to Reserves**

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 financial year 2017-18.

There were no transfers to Reserves during the financial year 2017-18.

## **Share Capital**

The Authorized Share Capital of the Company stands at Rs. 60,00,00,000 (Rupees Sixty Crore only) divided into 12,00,00,000 (Twelve Crore only) Equity Shares of Rs. 5/- (Rupees Five) each.

The Authorized Share Capital of the Company was increased from Rs. 31,00,00,000 (Rupees Thirty One Crore only) divided into 6,20,00,000 (Six Crore Twenty Lakh only) Equity Shares of Rs. 5/- (Rupees Five) each to Rs. 60,00,00,000 (Rupees Sixty Crore only) divided into 12,00,00,000 (Twelve Crore only) Equity Shares of Rs. 5/- (Rupees Five) each on 19/03/2018. The increase was made to facilitate the issue of Bonus shares to the members of the Company.

The Paid up Share Capital has increased to from Rs. 23,57,22,865/- (Rupees Twenty Three Crore Fifty Seven Lakh Twenty Two Thousand Eight Hundred and Sixty Five Only) divided into 4,71,44,573 (Four Crore Seventy One Lakh Forty Four Thousand Five Hundred and Seventy Three Only) equity shares of Rs. 5/- each to Rs. 48,19,12,340 (Rupees Forty Eight Crore Nineteen Lakh Twelve Thousand Three Hundred and Forty only) divided into 9,63,82,468 (Nine Crore Sixty Three Lakh Eighty Two Thousand Four Hundred and Sixty Eight only) equity shares of Rs. 5/- each.

The change in the Share Capital of the Company has occurred due to allotment under ESOP Scheme, 2013 and Bonus issue of shares.

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

I) The shareholders of the company has vide resolution passed at the 19th Annual General Meeting approved ESOP 2013 and has granted options to the employees.

Disclosure regarding Employees Stock Option Plan and forming part of the Directors' Report for the year ended 31st March, 2018 is as follows:



S.NO	Particulars	Description
1.	Date of Share holder's approval	ESOP Scheme, 2013 as approved on 27/12/2013 and amendment made on 27/09/2017 at the 23rd Annual General Meeting of the Company
	Total number of options granted	25,27,500
	Vesting requirements	12-60 months
	The pricing formula	Closing price of equity shares on the stock exchange where the shares are listed from vesting date
	Maximum term of options granted	Employees to exercise options within 3 years
	Source of shares	Primary
	Method used to account for ESOS	Fair Value

### Option movement during the year (For each ESOS):

Particulars	Details
Number of options outstanding at the beginning of the period	18,11,359
Number of options granted during the year	0
Number of options forfeited / lapsed during the year	2,73,336
Number of options vested during the year	6,46,495
Number of options exercised during the year	10,46,661
Number of shares arising as a result of exercise of options	10,46,661
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 3,18,06,005
Loan repaid by the Trust during the year from exercise price received	NIL
Number of options outstanding at the end of the year	4,91,362
Number of options exercisable at the end of the year	60,668

*The Note: Details of disclosures pursuant to ESOP required under SEBI (Share Based Employee Benefits) Regulations, 2009 are available at the website [www.kelltontech.com](http://www.kelltontech.com)*

### Listing

The Equity Shares of your Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company confirms that it has paid the Annual Listing Fees for the year 2017-18 to NSE and BSE where the Company's Shares are listed.

### Directors & its board meetings:

The Board of directors of your company is duly constituted.

There was no resignation of Directors this year.

*Proposed Appointments/re-appointments:*



---

**The following appointments to the Board are proposed:**

In accordance with the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Niranjan Chintam, Directors, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offered himself for re-appointment.

Appropriate resolutions for the appointment/ re-appointment of Directors are being placed before you for your approval at the ensuing Annual General Meeting. The brief resume of the aforesaid Directors and other information have been detailed in the Notice. Your Directors recommend their appointment/reappointment as Director of your Company.

**Number of meetings of the board:**

Twenty Board Meetings were held on 24.04.2017, 30.05.2017, 01.06.2017, 12.06.2017, 06.07.2017, 12.07.2017, 01.08.2017, 01.09.2017, 12.09.2017, 26.09.2017, 13.10.2017, 08.12.2017, 20.12.2017, 26.12.2017, 29.12.2017, 17.01.2018, 06.02.2018, 07.03.2018, 20.03.2018 and 31.03.2018 during the year ended on 31st March 2018. The gap between any two Board Meetings is within the period prescribed by the Companies Act, 2013 and Listing Agreement.

**Declarations by Independent Directors:**

The Company has received declarations from the Independent Director under Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

**Board evaluation and assessment:**

The company believes formal evaluation of the board and of the individual directors, on an annual basis, is a potentially effective way to respond to the demand for greater board accountability and effectiveness. For the company, evaluation provides an ongoing means for directors to assess their individual and collective performance and effectiveness. In addition to greater board accountability, evaluation of board members helps in ;

- a. More effective board process
- b. Better collaboration and communication
- c. Greater clarity with regard to members roles and responsibilities
- d. Improved chairman – managing directors and board relations

The evaluation process covers the following aspects

- Self evaluation of directors
- Evaluation of the performance and effectiveness of the board
- Evaluation of the performance and effectiveness of the committees
- Feedback from the non executive directors to the chairman
- Feedback on management support to the board.

**Familiarisation Programme for Independent Directors**

The Company shall through its Senior Managerial personnel familiarise the Independent Directors with the strategy, operations and functions of the Company. The Independent Directors will also be familiarised with their roles, rights and responsibilities and orientation on Statutory Compliances as a Board Member.

On appointment of the Independent Directors, they will be asked to get familiarised about the Company's

---



operations and businesses. An Interaction with the key executives of the Company is also facilitated to make them more familiar with the operations carried by the company. Detailed presentations on the business of the company are also made to the Directors. Direct meetings with the Chairman and the Managing Director are further facilitated for the new appointee to familiarize him/her about the Company/its businesses and the group practices as the case may be and link is available at the website [www.kelltontech.com](http://www.kelltontech.com).

## **Directors' Responsibility Statement**

Pursuant to the requirement under section 134 (3) and (5) of the Companies Act 2013, with respect to Directors' Responsibility Statement, your board of directors to the best of their knowledge and ability confirm that:

- a.** in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b.** such accounting policies have been selected and applied consistently and the Directors made judgments 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 31st March, 2018 and of the profit/loss of the Company for that year;
- c.** proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d.** the annual accounts of the Company have been prepared on a going concern basis;
- e.** internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f.** proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

## **Constitution and Composition of Audit Committee**

The Audit Committee of the company is duly constituted as per section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 Composition and Scope of Audit Committee is provided under the Corporate Governance report annexed herewith.

## **Nomination and Remuneration cum Compensation Committee:**

Nomination and Remuneration cum Compensation Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Nomination and Remuneration cum Compensation Committee as required under the provisions of Section 178 of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report.

## **Remuneration Policy**

The remuneration paid to the Directors is as per the terms laid out in the Nomination & Remuneration policy of the Company. The Nomination & Remuneration policy is adopted by the Board is placed on the Company's website at [www.kelltontech.com](http://www.kelltontech.com)

## **Corporate Governance**

In pursuance of Regulation 17 to 27 read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, entered into with the Stock Exchanges, a separate Report on Corporate Governance along with a certificate from a Practicing Company Secretary regarding its compliance is annexed



and forms part of this Report. Your company will continue to adhere in letter and spirit to good corporate governance policies.

## Management Discussion & Analysis

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this report.

## Subsidiary Companies

Following are the Subsidiary and Step-down subsidiaries of the Company:

Name of the Entity	Status
Kellton Dbydx Software Private Limited	Wholly Owned Subsidiary
Kellton Tech Inc	Wholly Owned Subsidiary
Kellton Tech Solutions Inc	Wholly Owned Subsidiary
Kellton Tech Limited (Ireland)	Wholly Owned Subsidiary
Kellton Tech Solutions Pte. Ltd.	Wholly Owned Subsidiary
Evantage Solutions Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Inc)
Supremesoft Global Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Inc)
Vivos Professionals LLC	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Inc)
Prosoft Technology Group Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Solutions Inc)
Cyberworld Solutions Inc	Step Down Subsidiary (Wholly owned subsidiary of Prosoft Technology Group)
Intellipeople Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Solutions Inc)
Kellton Tech (UK) Limited	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Limited)
Lenmar Consulting Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Solutions Inc)
Planet Pro Inc	Step Down Subsidiary (wholly owned subsidiary of Kellton Tech Inc)
SID Computer Group, Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Solutions Inc)
Talent Partners, Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Solutions Inc)

## Consolidation of Accounts

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2018 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent



possible in the same format as that adopted by the Company for its separate financial statements. A statement containing brief financial details of the subsidiaries for the financial year ended March 31, 2018 is annexed. 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.

## **Statutory Auditors**

M/s. Sastri& Shah, Chartered Accountants, Hyderabad, the auditors of the Company have resigned from the position of Statutory Auditors of the Company due to their professional pre-occupation and therefore Directors have recommended the appointment of M/s PARY & Co , Chartered Accountants, Hyderabad, as Statutory Auditors of the Company to fill the vacancy.

M/s PARY & Co confirmed their eligibility under Section 139(1) of the Companies Act, 2013

The Audit Committee and the Board recommends the appointment of M/s PARY & Co, Chartered Accountants as statutory Auditors of the company.

## **Management Replies To Auditors Report – Standalone And Consolidated Financial Reports:**

There are no qualifications mentioned by the Auditors in the Auditors Report. Thus, company have no replies.

## **Reporting of Fraud**

The Auditors of the Company have not reported any frauds specified under Section 143(12) of the Companies Act, 2013.

## **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 Ltd and National Stock Exchange of India Ltd as at 31 March 2012. 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.

## **Corporate Social Responsibility**

Kellton Tech believes in balancing growth priorities with social responsibility. Indeed, even in its commercial undertakings, it attaches special weightage to those projects concerning the welfare of masses. With healthcare, child education and destitute care as its focus areas, Kellton Tech has contributed to its bit to the society through various initiatives in these arenas. Kellton Tech is providing scholarship to the needy, deserving students for further education.

In collaboration with Aashritha Samaj, it has sponsored the education of many children with single parent. In healthcare, it has worked closely with NGO's and donated a generous amount towards disease-eradication by educating people on prevention.

Through REACH OUT initiative, the employees of Hyderabad and Gurugram Office helped the patients of



local hospitals by providing essentials for infants and babies and nourishing edibles to other patients. This has been an ongoing commitment of the Company and by dint their efforts they have been able to make some lives happier and filled with warmth. A Report on Corporate Social Responsibility (CSR) Policy and Activities as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended to this annual report as Annexure – VII and link to the CSR policy is available at the website [www.kelltontech.com](http://www.kelltontech.com).

## **Particulars of Loans, Guarantees and Investments**

Details of loans and guarantees given and investments made under Section 186 of the Act are provided in the Notes to the Financial Statements.

## **Cost Audit Report**

The provisions of Section 148 of the Companies Act, 2013 does not apply to the Company and hence, no cost auditors are appointed.

## **Secretarial Audit Report**

Pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, the company is required to obtain Secretarial Audit Report from Practising Company Secretary. Mr. NVSS SuryanarayanaRao, Practising company secretary was appointed to issue Secretarial Audit Report for the financial year 2017-18.

Secretarial Audit Report issued by Mr. NVSS SuryanarayanaRao, Practising company secretary in Form MR-3 for the financial year 2017-18 forms part to this report as '**Annexure – V**'.

## **The observation given in the said report is as follows:**

*I further observed that the company has delayed in filing resolutions with respect to appointment of Internal Auditor as per section 179(3) read with rule 8 of the Act*

## **Management's Reply to the observation:**

The management will strengthen the procedures for adequate and timely compliance of all statutory requirements of the regulatory authorities.

## **Whistle Blower Policy/Vigil Mechanism**

Pursuant to the provisions of section 177 of the companies act, 2013 and the rules framed there under and pursuant to the applicable provision of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, , the company has established a mechanism through which all stake holders can report the suspected frauds and genuine grievances to the appropriate authority. The Whistle blower policy which has been approved by the board of directors of the company has been hosted on the website of the company viz. [www.kelltontech.com](http://www.kelltontech.com).

## **Risk Management Policy**

The board of directors has formed a risk management committee to identify, evaluate, mitigate and monitor the risks associated with the business carried by the company. The committee reviews the risk management plan and ensures its effectiveness. A mechanism has been put in place which will be reviewed on regular intervals.





## **Policy on Sexual Harassment**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2018, the Company has not received any complaints pertaining to Sexual Harassment.

## **Particulars of Contracts or arrangements with related parties**

All the related party transactions that were entered during the financial years were in the ordinary course of business of the company and were on arm length basis. There were no materially significant related party transactions entered by the company during the year with the promoters, directors, key managerial personnel or other persons which may have a potential conflict with the interest of the company.

The policy on related party transactions as approved by the board of directors is hosted on the website of the company viz. [www.kelltontech.com](http://www.kelltontech.com).

Particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in **Form No. AOC-2** as '**Annexure II**' to this report.

## **Material changes and commitments, if any, affecting the financial position of the company**

There are no material changes and commitments affecting the financial position of the company which occurred between the end of the financial year to which the financial statements relate and the date of the report.

## **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future

## **Public Deposits**

Your Company has not accepted any deposits from the public. As such, there was no principal or interest outstanding on the date of the Balance Sheet.

## **Material Subsidiary Policy**

The Company has adopted a policy for determining material subsidiary, in line with the requirements of the Listing Agreement. The Policy on Material Subsidiary is available on the website of the Company at [www.kelltontech.com](http://www.kelltontech.com).

## **Particulars of Employees**

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as '**Annexure III**' to this Report.

In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company.



Copies of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed in **Annexure III** and forms part of this Report

## Extract of the Annual Return

In accordance with Section 134 (3) (a) of the Act, an extract of the Annual Return in the prescribed format is appended as '**Annexure VI**' to this Report.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy which is not furnished as the relative rule is not applicable to your company.

There is no information to be furnished regarding Technology Absorption as your company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources which needs to be absorbed or adapted.

## Foreign Exchange Earnings and Outgo

In accordance with the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is provided as under :

	<b>31-03-2018 Amount in Foreign Currency</b>	<b>31-03-2018 Amount in INR</b>
Value of Imports during the year	USD 382179	2,49,75,093
Expenditure in Foreign Currencies	USD 67252	4436913
	GBP 2452	214568
	EURO 4726	369471
	SGD 1740	87354
	IDR 14800000	78330
Earnings in Foreign Currencies	USD 5514115	355850589
	GBP 281321	24157336
	EURO 361592	27102879
	CAD 17901	900929

## Internal Audit & Controls

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. It 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. Normal foreseeable risks of the Company's Assets are adequately covered by comprehensive insurances.



The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

## **Internal Financial Control Systems**

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

## **INDUSTRIAL RELATIONS**

The company enjoyed cordial relations with its employees during the year under review and the Board appreciates the employees across the cadres for their dedicated service to the Company, and looks forward to their continued support and higher level of productivity for achieving the targets set for the future.

## **Human Resources**

Your Company treats its “**human resources**” as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement

## **Acknowledgements**

Your Directors wish to express their appreciation of the support and co-operation of the Central and the State Government, bankers, financial institutions, business associates, employees, shareholders, customers, suppliers and alliance partners and seeks their continued patronage in future as well.

For and on behalf of the Board of  
**Kellton Tech Solutions Limited**

Sd/-  
**Krishna Chintam**  
Managing Director  
DIN: 01658145

Sd/-  
**Niranjan Chintam**  
Whole Time Director  
DIN: 01658591

**Place :** Hyderabad  
**Date :** 04/09/2018



**Details of the Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (Pursuant to Regulation 36 of SEBI(Listing obligations and disclosure Requirements) Regulation, 2015)**

<b>Name of Director</b>	<b>Mr. Niranjan Chintam</b>
<b>Date of Birth</b>	29.06.1967
<b>Date of Appointment</b>	01.11.2015
<b>Qualification</b>	Graduated from Wharton Business school with an MBA. Holds an Engineering Degree in India.
<b>Expertise in specific functional areas</b>	Niranjan spearheaded the expansion drive of Kellton Tech and oversaw a series of acquisitions and capacity building measures that put Kellton Tech on the Global IT map. Under his leadership, Kellton Tech became a strong organization and earned a place in top 50 fastest growing IT companies in India. With over two decades of global diversified experience, Niranjana lived and worked on the three continents and in eight countries, managing globally dispersed teams. He created and implemented strategies for Fortune 500 companies and government agencies in the US and India.
<b>List of other companies in which directorship is held as on March 31, 2018*</b>	Nil
<b>Chairman/Member of the Committees of the Board of the other Companies in which he/she is a director as on March 31, 2018*</b>	Nil
<b>Equity Shares held in the Company</b>	Nil
<b>Relationship between Directors inter-se</b>	Brother to Mr. Krishna Chintam.

*\* Directorships and Committee memberships in Kellton Tech Solutions Ltd and its Committees are not included in the aforesaid disclosure. Also directorships in Private Limited Companies, Foreign Companies and Section 8 companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committees, Nomination & Remuneration committee and Stake holders' relationship Committees of only public Companies have been included in the aforesaid tables.*



### CERTIFICATE BY CEO AND CFO

We, Karanjit Singh, Chief Executive Officer and Niranjn Chintam, Chief Financial Officer of Kellton Tech Solutions Limited certify that:

**A.** We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief :

**i)** these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

**ii)** these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

**B.** There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

**C.** We accept 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 we have taken or propose to take to rectify these deficiencies.

**D.** We have indicated to the auditors and the Audit committee

**i.** significant changes in internal control over financial reporting during the year;

**ii.** significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

**iii.** 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 over financial reporting.

For **KELLTON TECH SOLUTIONS LIMITED**

Sd/-

**Karanjit Singh**  
Chief Executive Officer  
DIN: 06898258

Sd/-

**Niranjn Chintam**  
Chief Financial Officer  
DIN: 01658591

**Place :** Hyderabad

**Date :** 04/09/2018



### FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S No.	Particulars	Details		
1	Name of the subsidiary	Kellton Dbydx Software Private Limited	Kellton Tech Solutions Inc.	Kellton Tech Inc.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1st, 2017 to March 31st, 2018	Jan 1st, 2017 to Dec 31st, 2017	Jan 1st, 2017 to Dec 31st, 2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency: INR Exchange Rate: NA	Reporting Currency: Dollar Exchange Rate: 63.92	Reporting Currency: Dollar Exchange Rate: 63.92
4.	Share capital	8,323,765	476,715,360	156,683,689
5.	Reserves & surplus	2,21,94,226	318,132,525	452,991,272
6.	Total assets	4,37,34,906	2,111,965,571	2,928,796,733
7.	Total Liabilities	1,32,16,915	1,317,117,686	2,319,121,772
8.	Investments	Nil	Nil	Nil
9.	Turnover	4,35,65,353	3,309,532,339	2,174,982,229
10.	Profit before taxation	2,62,64,014	224,621,208	164,761,463
11.	Provision for taxation	79,58,373	77,587,630	53,557,735
12.	Profit after taxation	1,83,05,641	147,033,578	111,203,728
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	100%	100%

Notes: The following information shall be furnished at the end of the statement :

- Names of subsidiaries which are yet to commence operations : Nil
- Names of subsidiaries which have been liquidated or sold during the year : Bokanyi Consulting Inc.



**Part "B": Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of associates/Joint Ventures	Not Applicable
Latest audited Balance Sheet Date	
Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding%	
Description of how there is significant influence	
Reason why the associate/joint venture is not consolidated	
Net worth attributable to shareholding as per latest Audited Balance Sheet	
Profit/Loss for the year i) Considered in Consolidation ii) Not Considered in Consolidation	

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.





### FORM AOC-2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto  
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

There was no such contract or arrangement or transaction entered during the year ended 31.03.2018 which was not at arm's length basis.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of the contracts/arrangements/ Transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Prosoft Technology Group Inc.  Step-down Subsidiary	Sale of services	on going since 01.05.2015	Amount as per monthly invoice raised based on transfer pricing guidelines	27.04.2015	-
Kellton Tech Limited  Wholly Owned Subsidiary	Sale of services	on going since 01.01.2016	Amount as per monthly invoice raised based on transfer pricing guidelines	30.12.2015	-
Lenmar Consulting Inc  Step-down Subsidiary	Sale of services	on going since 24.04.2017	Amount as per monthly invoice raised based on transfer pricing guidelines	24.04.2017	-
Sreevidya Chintam & Niranjana Chintam  Relative of Key Managerial Personnel	Rent paid for office building	on going since 16.07.2014	Rent on monthly basis as per lease deed	30.06.2014	

By the order of the Board  
For **KELLTON TECH SOLUTIONS LIMITED**

Sd/-  
**Krishna Chintam**  
Managing Director  
DIN : 01658145

Sd/-  
**Niranjana Chintam**  
Whole Time Director  
DIN: 01658591

**Place :** Hyderabad  
**Date :** 04/09/2018



### STATEMENT OF PARTICULARS AS PER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

#### PART-A

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

S.No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Niranjan Chintam	5.76
2.	Mr. Krishna Chintam	5.76
3.	Mr. Karan Jit Singh	10.51
4.	Mr. Rajendra Vithal Naniwadekar	Nil
5.	Mr. Brijmohan Venkata Mandala	Nil
6.	Mr. Srinivas Potluri	Nil
7.	Mr. P. Srinivasa Rao	Nil
8.	Ms. Kunda Kalpana	Nil

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year

S.No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Niranjan Chintam	Percentage increase in remuneration
2.	Mr. Krishna Chintam	Nil
3.	Mr. Karan Jit Singh	Nil
4.	Mr. Rajendra Vithal Naniwadekar	Nil
5.	Mr. Brijmohan Venkata Mandala	Nil
6.	Mr. Srinivas Potluri	Nil
7.	Mr. P. Srinivasa Rao	Nil
8.	Ms. Kunda Kalpana	Nil
9.	Ms. Pawni Bhawe	6%

(iii) The number of permanent employees on the rolls of Company : 1260 ( excluding employees on contractual basis).

(iv) In the Financial Year 2017-18, there was an increase of 21.9% in the median Remuneration of employees

(v) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

(vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 7%



(viii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration Policy of the Company.

**PART-B**

**Information under Section 197 (12) of the Companies Act, 2013 read with the rule 5(2) Companies (Appointment and remuneration of managerial personnel) Rules, 2014 and forming part of Directors Report for the year ended March 31, 2018**

1) Names of top 10 Employees Employed throughout the Financial Year and in receipt of remuneration aggregating Rs 1,00,00,000 or more

Name of the Employee	Designation	Remuneration ( in Rs)	Qualification	Experience (years)	Date of end of Employment	Age	Last employment held before joining the company	% of equity shares held in the Company
Nil								

2) Names of top 10 Employees Employed throughout the Financial Year and in receipt of remuneration for a part of that year, at a rate which, in aggregate, was not less than Rs. 8,50,000 per month

Name of the Employee	Designation	Remuneration ( in Rs)	Qualification	Experience (years)	Date of end of Employment	Age	Last employment held before joining the company	% of equity shares held in the Company
Nil								

3) Employee employed throughout the financial year or the part thereof, was in receipt of remuneration that year which, in the aggregate, or the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company: Nil

By the order of the Board

For **Kellton Tech Solutions Limited**

Sd/-

**Krishna Chintam**  
Managing Director  
DIN: 01658145

Sd/-

**Niranjan Chintam**  
Whole Time Director  
DIN: 01658591

**Place :** Hyderabad  
**Date :** 04/09/2018



### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY

Kellton Tech Solutions Limited strives to deliver state-of-the-art enterprise IT Solutions. It is committed to achieve transparency and accountability by complying with Industry Standards and establishing healthy relationship with our stakeholders. We believe in following best practices to achieve sustainable company growth and exceed our stakeholder's expectations.

#### 2. BOARD OF DIRECTORS

The Board of Directors of the Company currently consists of Eight Directors. The Company has an Executive Chairman. The Executive Chairman and the Managing Director manage the day-to-day affairs of the Company. The Board has an optimum combination of Executive and Non-Executive directors.

a) Composition and Category of directors as on March 31, 2018

Category	No. of Directors
Promoter Executive Directors	2 (Two)
Non-promoter Executive Director	1(One)
Non Executive Director Non- Independent Director	1(One )
Non-Executive Independent Directors	4 (Four)
Total	8 (Eight)

The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

Name of the Director	Category
Mr. Niranjan Chintam	Chairman & Whole-Time Director (Promoter, Executive)
Mr. Krishna Chintam	Managing Director (Promoter, Executive)
Mr. Rajendra Vithal Naniwadekar	Director (Independent, Non-Executive)
Mr. Brijmohan Venkata Mandala	Director (Independent, Non-Executive)
Mr. Karan Jit Singh	Whole Time Director (Executive)
Mr. Srinivas Potluri	Director (Non-Independent, Non-Executive)
Mr. P V V Srinivasa Rao	Director (Independent, Non-Executive)
Ms. Kunda Kalpana	Director (Independent, Non-Executive)

b) Attendance of each director at the Board meetings held during the year 2017-18 and at the last Annual General Meeting



Name of the Director	Category	Meetings held during the year	Meetings attended	Attendance at Last AGM
Mr. Niranjan Chintam	Chairman & Whole-Time Director (Promoter, Executive)	20	20	Yes
Mr. Krishna Chintam	Managing Director (Promoter, Executive)	20	19	Yes
Mr. Rajendra Vithal Naniwadekar	Independent, Non-Executive	20	18	Yes
Mr. Brijmohan Venkata Mandala	Independent, Non-Executive	20	19	Yes
Mr. Karanjit Singh	Whole Time Director (Executive)	20	17	Yes
Mr. Srinivas Potluri	Non-Independent, Non-Executive	20	14	Yes
Mr. P V V Srinivasa Rao	Independent, Non-Executive	20	08	No
Ms. Kunda Kalpana	Director (Independent Non-Executive)	20	04	Yes

c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman as at March 31, 2018

Name of the Director	Board		Committee	
	Chairman	Member	Chairman	Member
Mr. Niranjan Chintam	None	None	None	None
Mr. Krishna Chintam	None	None	None	None
Mr. Rajendra Vithal Naniwadekar	None	None	None	None
Mr. Brijmohan Venkata Mandala	None	None	None	None
Mr. Srinivas Potluri	None	None	None	None
Mr. Karanjit Singh	None	None	None	None
Ms. Kunda Kalpana	None	2	None	2
Mr. P V V Srinivasa Rao	None	None	None	None

*\*excludes directorship and membership in Kellton Tech solutions Limited, private companies, foreign companies and membership in other committees.*

d) No. of Board Meetings held and dates on which they were held during the year 2017-18



Quarter	Number of Meetings	Date on which meeting held
1st Quarter	Four	24.04.2017 30.05.2017 01.06.2017 12.06.2017
2nd Quarter	Six	06.07.2017 12.07.2017 01.08.2017 01.09.2017 12.09.2017 26.09.2017
3rd Quarter	Five	13.10.2017 08.12.2017 20.12.2017 26.12.2017 29.12.2017
4th Quarter	Five	17.01.2018 06.02.2018 07.03.2018 20.03.2018 31.03.2018

#### e) Disclosure of relationships between directors inter-se:

Directors of the company are not related to each other and are independent, except Mr. Niranjan Chintam and Mr. Krishna Chintam, who are related as Brothers.

#### f) Number of shares and convertible instruments held by non-executive director

S.No	Name of the Director	No: of Shares	No: of Convertible Instruments
1.	Rajendra Vithal Naniwadekar	2,53,092	--
2.	Brijmohan Venkata Mandala	2,00,000	--
3.	Srinivas Potluri	3,33,332	--
4.	PVV Srinivasa Rao	Nil	--
5.	Kunda Kalpana	Nil	--

#### g) Web link:

The Independent Directors fulfill the criteria of independence as given in Regulation 16(b) of SEBI (LODR) Regulations, 2015 & the Companies Act, 2013 and have given declaration of independence. <http://www.kelltontech.com/website> of the company, where details of familiarization programs imparted to independent directors are disclosed.

#### Independent Directors Meeting

A meeting of the Independent Directors was held on January 24th, 2018, Wednesday, which was attended by the Independent Directors. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Board. The Board was briefed on the deliberations made at the Independent Directors Meeting.



## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of participation in the meetings and contribution, independence of judgment, safeguarding the interest of the Company and other stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. Further, the performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

## COMMITTEES OF DIRECTORS

### 3. AUDIT COMMITTEE

The Audit Committee was constituted in terms of Section 177 of the Companies Act, 2013 and as per the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015. The Audit Committee consists of a combination of Non Executive Director and Non Executive Independent Directors and assists the Board in fulfilling its overall responsibilities. The Company Secretary acts as the Secretary of the Committee. All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and they also possess sound knowledge of Finance and accounting practices and have related management expertise by virtue of their experience and background.

#### i) Brief description of terms of reference

The terms of reference of the Audit Committee include the following:

- 1.** 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;
- 2.** Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3.** Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4.** Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a.** Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b.** Changes, if any, in accounting policies and practices and reasons for the same
  - c.** Major accounting entries involving estimates based on the exercise of judgment by management
  - d.** Significant adjustments made in the financial statements arising out of audit findings
  - e.** Compliance with listing and other legal requirements relating to financial statements
  - f.** Disclosure of any related party transactions
  - g.** Qualifications in the draft audit report
- 5.** Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6.** Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7.** Review and monitor the auditor's independence and performance, and effectiveness of audit process;





8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. 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;
17. 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;
18. To review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and as per the role of committee specified under Part C of Schedule II.

Explanation (i) : The term "related party transactions" shall have the same meaning as provided in Regulation 23 of SEBI (LODR) Regulations, 2015.

## ii) Composition, name of members and Chairperson

The Audit Committee comprises of the following directors

Name of the Member	Status	Nature of Directorship
Rajendra Vithal Naniwadekar	Chairman	Independent, Non-Executive
Niranjan Chintam	Member	Whole time Director, Executive
Brijmohan Venkata Mandala	Member	Independent, Non-Executive

Meetings and attendance during the year 2017-18

Name of the Member	Meetings held during the year	Meetings attended
Rajendra Vithal Naniwadekar	04	04
Niranjan Chintam	04	04
Brijmohan Venkata Mandala	04	04

## 4. NOMINATION AND REMUNERATION COMMITTEE

### a. Brief description of terms of reference

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.



3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
6. To devise a policy on Board diversity
7. To develop a succession plan for the Board and to regularly review the plan;

## b. Composition, name of members and Chairperson

The Nomination and Remuneration Committee comprises of the following directors

Name of the Director	Status	Nature of Directorship
Rajendra Vithal Naniwadekar	Chairman	Independent, Non-Executive
Brijmohan Venkata Mandala	Member	Independent, Non-Executive
Srinivas Potluri	Member	Non-Independent, Non-Executive

## c. Meetings and Attendance during the year 2017-18:

Name of the Member	Meetings held during the year	Meetings attended
Rajendra Vithal Naniwadekar	05	05
Brijmohan Venkata Mandala	05	05
Srinivas Potluri	05	05

## d. Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation program, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

## e. Details of remuneration to the directors

(Rs. in Lakhs)

Particulars	Executive Directors			Non-executive				
	Mr. Niranjan Chintam	Mr. Krishna Chintam	Mr. Karanjit Singh	Mr. Srinivas Potluri	Independent Directors			
					Mr. Rajendra Vithal Naniwadekar	Mr. Brijmohan Venkata Mandala	Mr. P. V. V. Srinivasa Rao	Ms. Kunda Kalpana
Salary	30.00	30.00	54.71	Nil	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
PF Contribution	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting fees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.0
<b>Total</b>	<b>30.00</b>	<b>30.00</b>	<b>54.71</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1.0</b>

The performance incentive/commission is determined based on certain pre-agreed performance parameters.



## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee (SRC) of Directors to look into the Redressal of complaints of investors such as transfer or credit of shares, non receipt of dividend/notices/annual reports, etc.

a. Constitution and Composition of the Stakeholders' Relationship Committee\*

Name of the Director	Status	Nature of Directorship
Brijmohan Venkata Mandala	Chairman	Independent, Non-Executive
Rajendra Vithal Naniwadekar	Member	Independent, Non-Executive
Krishna Chintam	Member	Managing Director, Executive

Name of the Director	Meetings held during the year	Meetings attended
Brijmohan Venkata Mandala	01	01
Rajendra Vithal Naniwadekar	01	01
Krishna Chintam	01	01

Name, designation and address of the Compliance Officer : Ms. Pawni Bhawe

**Address:** Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033

**Contact Details:** Tel: 040-44333000; Fax: 040-66660451 & e-mail ID: compliance@kelltontech.com

b. During the year the Company had received one complaint from the investors which was resolved.

Sl. No.	Description	Received	Resolved	Pending
1	Non receipt of Electronic Credits	Nil	Nil	Nil
2	Non receipt of Annual Reports	Nil	Nil	Nil
3	Non receipt of Dividend Warrants	Nil	Nil	Nil
4	Non receipt of Refund order	Nil	Nil	Nil
5	SEBI	1	1	Nil
6	Stock Exchanges	Nil	Nil	Nil
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>Nil</b>

## 6. GENERAL BODY MEETINGS

(i) Location and date / time for last three Annual General Meetings were:

Financial Year	Location of the Meeting	Date and Time	Number of Special Resolutions passed	Details of Special Resolutions
2016-17	Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033	27.09.2017; 11:00 A.M.	04	<ol style="list-style-type: none"> <li>Appointment of Ms.Kunda Kalpana as Director of the Company.</li> <li>Appointment of Ms.Kunda Kalpana as an Independent Director of the Company.</li> <li>Further Issuance of securities.</li> <li>Variation of Employees Stock Option Scheme of the Company.</li> </ol>



2015-16	Ebony Boutique Hotel, Door no. 8-2- 120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telanga- na-500033	26.09.2016; 11:00 A.M.	05	<ol style="list-style-type: none"> <li>1. Re-appointment of Krishna Chintam as Managing Director of the Company.</li> <li>2. Re-appointment of Niranjan Chintam as Whole-Time Director and Executive Chairman of the Company.</li> <li>3. Variation of Stock-Option Scheme of the Company.</li> <li>4. Variation of Employees Stock Option Scheme of the Company for the Employees of the Subsidiaries of the Company.</li> <li>5. Variation of Terms of Remuneration of Mr. Karanjit Singh.</li> </ol>
2014-15	Hotel Kens, Plot No 53, Sri Nagar Colony, Hyderabad – 500 073, Telangana	16.12.2015; 11.00 A.M.	06	<ol style="list-style-type: none"> <li>1. Alteration of Articles of Associations.</li> <li>2. Alteration of Memorandum of Associations</li> <li>3. Approval of Further Issuance of Securities.</li> <li>4. Increase in Limit of Foreign investment in company.</li> <li>5. Increase in Limit of NRI Investment in company.</li> <li>6. Appointment and Remuneration of Mr. Karanjit Singh.</li> </ol>

(ii) Extraordinary General Meeting / Postal ballot

During the F.Y 2017-18 the company did not have any extra ordinary General Meeting.

To widen the participation of shareholders in company decisions, the Securities and Exchange Board of India has directed top 500 listed companies to provide Remote e-voting facility to their shareholders from October, 2012 onwards, in respect of those businesses which are transacted through postal ballot.

Further, the Companies Act, 2013 and Regulation 44 of SEBI (LODR) Regulations, 2015 also requires a listed Company to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings.

(iii) Whether any special resolution passed last year through postal ballot: In the financial year 2017-18, the Company had conducted voting through Postal Ballot for seeking approval from the members for issuing 48191234 Bonus shares to the members of the Company as on the record date of 29.03.2018.

Further, as per the Companies Act, 2013 and Regulation 44 of SEBI (LODR) Regulations, 2015 Company had provided remote e-voting facility to its shareholders for participating in the Postal Ballot apart from the facility to send the Ballot paper to the Company.

(iv) No Special Resolution is proposed to be passed through a Postal ballot at the ensuing Annual General Meeting.



## 7. DISCLOSURES

### RELATED PARTY DISCLOSURE

Transactions with related parties are disclosed in the Notes to Accounts and all the transactions with related parties are at arms' length and in compliance with transfer pricing regulations. All Related Party Transactions are entered into by the Company only after obtaining the prior approval of the Audit Committee and Board of Directors. In terms of the provisions of the Companies Act, 2013 and Listing Agreement entered with the Stock Exchanges pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a policy to determine Related Party Transactions. The policy is placed on the Company's website at: <http://www.Kelltontech.com>

(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 (Refer Note 37). The Company has framed a Policy on Related Party Transactions and the same is available on website of the Company at <http://www.Kelltontech.com>.

Sr. No.	In the accounts of	Amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.		
1	Holding Company	Loans and Advances		
		Subsidiaries	Associates	Companies/firms in which directors are interested
		Outstanding at the end of the year : Nil	Nil	Nil
2	Subsidiary	Loans and Advances		
		Subsidiaries	Associates	Companies/firms in which directors are interested
		Nil	Nil	Outstanding at the end of the year : 1,18,27,618

(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 other penalty 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 Company has established a Vigil mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. During the year, no employee was denied access to Chairman of the Audit Committee.

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

(v) The Company has complied with all the mandatory requirements of Compliance with Corporate Governance requirements specified in Regulation 17-27 and clauses (b) to (i) of Sub- regulation(2) of Regulation



46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Pecuniary transactions with Non-Executive Directors: There were no pecuniary transactions with any of the Non-Executive Directors of the Company.

(vii) As required under Schedule V E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Practicing Company Secretary's certificate regarding compliance of corporate governance is given as an annexure to the Directors' Report.

(ix) As required under Schedule V D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the declaration issued by the Chief Executive officer is provided in the Annual Report.

## **Compliance with Indian Accounting Standards (IND-AS)**

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

These are the Company's first Ind-AS financial statements. The date of transition is April 1, 2016. Previous year's numbers in the financial statements have been restated to Ind-AS. In accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind-AS

## **Secretarial Standards**

The MCA notified the Secretarial Standards on meetings of Board of Directors ( Secretarial Standard - 1 ) and on General Meetings ( Secretarial Standard - 2 ). Your Company complies with the same. The Company will comply with other Secretarial Standards issued by ICSI as and when they are made mandatory.

## **8. MEANS OF COMMUNICATION**

(i) The Company does not send the quarterly results to each household of shareholders. The quarterly, half yearly, and annual results are intimated to the stock exchanges.

(ii) The Company posts all the vital information relating to the Company and its performance / results including the press releases on its web site <http://www.kelltontech.com> for the benefit of the shareholders and public at large.

(iii) Quarterly financial results are published in leading newspapers, viz. The Financial Express in English, and Praja Shakti in vernacular language. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.

(iv) The presentations made to the investors are also uploaded on the website of the company.

(v) SEBI Complaints Redressal System (SCORES): SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.



(vi) The Management Discussion and Analysis Report is attached and forms part of the Annual Report  
 (vii) Reconciliation of share capital Audit (Formerly Secretarial Audit Report): A qualified practicing company secretary carried 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. The Reconciliation of share capital Audit (Formerly Secretarial Audit Report) confirm that the total issued / Paid-up capital is in agreement with the total number of shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL.

(viii) As per the vigil mechanism applicable to the company, there is an ombudsman who is responsible for its implementation.

(ix) A Dash board containing the risks identified if any, will be placed to the audit committee and measures taken by the management will be discussed to mitigate.

## 9. MEASURES FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2016, the company framed a Code of Conduct for Prevention of Insider Trading and Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its directors and designated employees. The code lays down guidelines, which mandates the directors and designated employees on the procedures to be followed and disclosures to be made while dealing with the shares of the company and also appraises the consequences for the violations. Details of the code for prevention of insider trading is available at the company's website viz.<http://www.kelltontech.com>

## 10. GENERAL SHAREHOLDER' INFORMATION:

i. Date, Time & Venue of AGM	Friday, September 28th, 2018 at 11:00 a.m. At Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033
ii. Financial Year	01st April, 2017 to 31st March, 2018
iii. Listing on Stock Exchanges	Bombay Stock Exchange Ltd National Stock Exchange of India Ltd. (w.e.f_29th February, 2016)
iv. Stock Code/Symbol	BSE- 519602 & KELLTONTEC   NSE- KELLTONTEC
v. Annual Listing fees to Stock Exchanges (NSE/BSE)	Listing Fees as applicable have been paid.
vi. Dividend payment date	Not Applicable
vii. Registrar and 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 e-mail: mail@xlsoftech.com
viii. Share Transfer System	All the transfers received are processed and approved by the Stakeholder Relationship Committee at its meetings or by circular resolutions.  The Stakeholder Relationship Committee approves the transfer of shares in the physical form and the share transfers are registered and returned within the stipulated time, if the documents are clear in all respects
ix. Distribution of Shareholding	As per attached annexure



<p>x. Dematerialisation of shares and Liquidity</p>	<p>As on 31st March, 2018, 94,731,448 shares representing 98.29% of share-holding have been dematerialised. The balance 1651020 equity shares representing 1.71% were in physical form</p> <p>The Company's shares are compulsorily traded in dematerialised form and are regularly traded on NSE and BSE. The ISIN Number allotted for the Equity shares is INE164B01022</p>	
<p>xi. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity</p>	<p>As on March 31, 2018, there were no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments of the Company.</p>	
<p>xii. Commodity price risk or foreign exchange risk and hedging activities;</p>	<p>Not Applicable</p>	
<p>xiii. Plant locations/offices;</p>	<p>The company operates from : Plot No. 270, Udyog Vihar Phase -2, Gurugram, Haryana- 122016, India. AND Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033 Telangana</p>	
<p>xiv. Registered Office/ address for correspondence</p>	<p>Investor correspondence may be addressed to: M/s XL Softech Systems Limited, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana Tel: 040 23545913 Fax: 040 23553214 e-mail: mail@xlsoftech.com</p>	<p>For Correspondence to the Company Kellton Tech Solutions Limited Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033 , Telangana Tel No - 040-44333030 Email-id: compliance@kellton-tech.com Website: www.kelltontech.com</p>





xv. Market Price Data High, Low during each month in last Financial year

## BSE

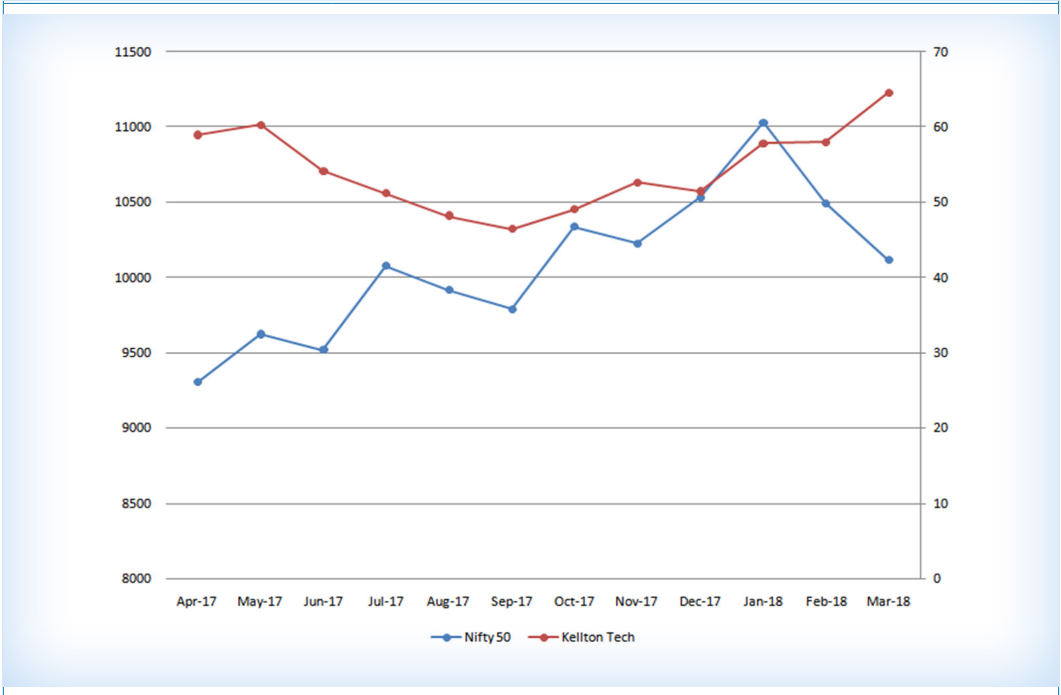
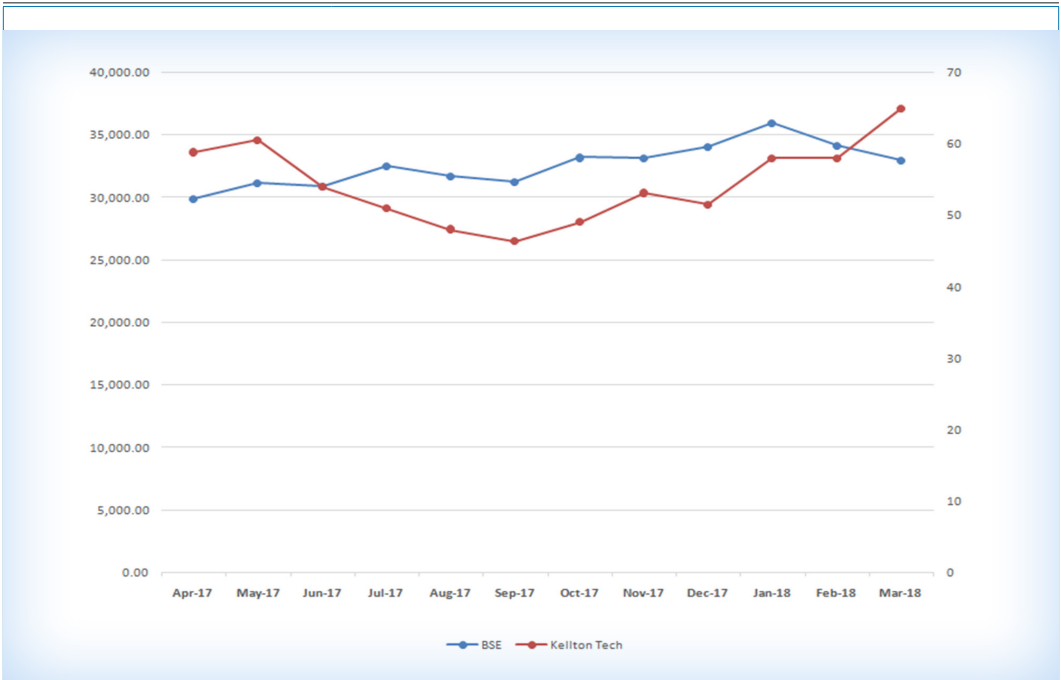
Month	High	Low	Close
April, 2017	67.47	56.62	58.85
May, 2017	64.7	57.92	60.52
June, 2017	60.5	50.6	53.97
July, 2017	56.32	49.27	51
August,2017	51.72	40	48.02
September, 2017	55.6	45.8	46.37
October, 2017	51.75	45.3	49.12
November, 2017	64.47	48	53.12
December, 2017	55.05	48.92	51.5
January, 2018	60.95	50	58
February, 2018	68.5	51.7	58
March, 2018	64.92	59	64.95

## NSE

Month	High	Low	Close
April, 2017	67.5	57.35	58.95
May, 2017	64.95	57.75	60.27
June, 2017	60.75	50.5	54.15
July, 2017	56.1	49.5	51.15
August,2017	52.2	40.3	48.17
September, 2017	55.75	45.75	46.42
October, 2017	51	45.1	49
November, 2017	64.4	49.3	52.62
December, 2017	55.5	48.77	51.4
January, 2018	60.52	50	57.82
February, 2018	68	51.7	57.95
March, 2018	64.92	58.5	64.55

**\* The closing prices for Kellton Tech prior to March have been adjusted for comparison with post bonus price.**

xvi. Performance in comparison to BSE Sensex and S&P CNX Nifty



\* The closing prices for Kellton Tech prior to March have been adjusted for comparison with post bonus price.



## xvii. Capital Build up during the Financial Year

During the year under review, the Authorised Share Capital of the company is Rs.60,00,00,000 (Sixty Crores) divided into 12,00,00,000 (Twelve Crores), equity shares of Rs.5/- (Rupees Five) each. The Authorized Share Capital of the Company was increased from Rs. 31,00,00,000 (Rupees Thirty OneCrore only)divided into 6,20,00,000 (Six Crore Twenty Lakh only) Equity Shares of Rs. 5/- (Rupees Five) each to Rs. 60,00,00,000 (Rupees SixtyCrore only) divided into 12,00,00,000 (Twelve Crore only) Equity Shares of Rs. 5/- (Rupees Five) each. The increase was made to facilitate the issue of Bonus shares to the members of the Company.

The Paid up Share Capital has increased to from Rs. 23,57,22,865/- (Rupees Twenty Three Crore Fifty Seven Lakh Twenty Two Thousand Eight Hundred and Sixty Five Only) divided into 4,71,44,573 (Four Crore Seventy One Lakh Forty Four Thousand Five Hundred and Seventy Three Only) equity shares of Rs. 5/- each to Rs. 48,19,12,340 (Rupees Forty Eight Crore Nineteen Lakh Twelve Thousand Three Hundred and Forty only) divided into 9,63,82,468 (Nine Crore Sixty Three Lakh Eighty Two Thousand Four Hundred and Sixty Eight only)equity shares of Rs. 5/- each.

The increase in the Authorized Share Capital of the Company and allotment under Bonus Issue was approved by the members through Postal Ballot on March 19th, 2018

The change in the Share Capital of the Company has occurred due to allotment under ESOP Scheme, 2013 and Bonus issue of shares

The Paid up capital of the Company increased as follows:

S.No	No. of Shares Alloted	Date of Allotment	Reason for allotment
1.	11,667	08.06.2017	Allotment of equity shares pursuant to ESOP Plan, 2013
2.	89,497	01.08.2017	Allotment of equity shares pursuant to ESOP Plan, 2013
3.	1,21,168	11.10.2017	Allotment of equity shares pursuant to ESOP Plan, 2013
4.	2,70,828	08.02.2018	Allotment of equity shares pursuant to ESOP Plan, 2013
5.	5,53,501	22.02.2018	Allotment of equity shares pursuant to ESOP Plan, 2013

Bonus issue of shares on 31.03.2018

S.No	Particulars	Number of shares
1.	Number of shares paid-up as on the record date 29/03/2018	4,81,91,234
2.	Number of shares allotted under Bonus issue approved on 19/03/2018	4,81,91,234
3.	Total paid-up Capital Post Bonus	9,63,82,468

Distribution of Shareholding as on March 31, 2018:

Sno	Category	No. of Cases	% of Cases	Amount	% of Amount
1	Upto 5000	8083	61.91	74,68,650	1.55
2	5001- 10000	2240	17.16	87,86,190	1.82
3	10001- 20000	1261	9.66	1,02,71,550	2.13
4	20001- 30000	369	2.83	46,88,420	0.97
5	30001- 40000	273	2.09	50,73,190	1.05
6	40001- 50000	113	0.87	26,14,450	0.54



7	50001- 100000	370	2.83	1,37,96,920	2.86
8	100001 & Above	13056	2.66	42,92,12,970	89.06
	<b>Total:</b>	<b>11665</b>	<b>100.00</b>	<b>48,19,12,340</b>	<b>100.00</b>

#### 4. SHAREHOLDING PATTERN AS ON 31st MARCH, 2018 :

Category	No. of shares held	Percentage of shareholding
Promoters	23,94,384	2.48
Promoters Body Corporate	5,59,71,900	58.07
Mutual funds / UTI	2,93,400	0.30
Financial Institutions /Banks	45,348	0.05
Foreign Institutional Investors	47,10,522	4.89
Venture Capital Funds	-	-
Bodies Corporate	93,01,276	9.65
Foreign Bodies Corporate	-	-
Retail individuals/NRIs/Trusts / others	2,36,65,638	24.55
<b>Total</b>	<b>9,63,82,468</b>	<b>100</b>

#### COMPLIANCE WITH REGULATION MANDATORY REQUIREMENTS

The Company complied with all the applicable mandatory requirements of the listing agreement and is also submitting a quarterly compliance report duly certified by compliance officer of the company to the stock exchanges within the time frame prescribed under regulations. At present, other non-mandatory requirements have not been adopted by the Company

#### Details of unclaimed shares

The Company is required to open an unclaimed suspense account with a depository participant and transfer all the unclaimed share certificates of members after giving three reminders.

All the voting rights on unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

As on March 31, 2018 your Company has 533850 equity shares in the unclaimed suspense account.

S.No	Particulars	Remarks
1.	Total number of shareholders and the outstanding shares in the suspense account lying as on 01.04.2017	359
2.	number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	03
3.	number of shareholders to whom shares were transferred from suspense account during the year;	03
4.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31.03.2018	356 members and 533850 shares

**\*Number of shares in unclaimed suspense account also includes the credit of bonus shares made to the suspense account.**



## **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 shareholder 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.

Pursuant to the said circular, the company has forwarded e-mail communication to all share holders whose email id were registered in the Depository records that the company intends to use the said e-mail id to send various Notices/ Correspondences etc .

By Understanding the underlying theme of the above circulars, to support this green initiative of the Government in full measure, the company is sending the 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, the physical copy to the address registered with the Registrar and Share transfer Agents of the Company.

In this regard, we request share holders 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 and Members who hold shares in physical form are requested to send the required details to the Registrar and Share Transfer Agent, M/s XL Softech Systems Limited, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana.

## **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

## **DECLARATION**



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 as Annexure. A copy of the Code of Conduct applicable for the Board and Senior Management has been placed on the Web site of the company

**Place :** Hyderabad  
**Date :** 04/09/2018

**Sd/-**  
**Krishna Chintam**  
Managing Director  
DIN: 01658145

**Sd/-**  
**Niranjan Chintam**  
Executive Chairman  
DIN: 01658591



### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED March 31, 2018

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

To,  
The Members,  
**KELLTON TECH SOLUTIONS LIMITED,**  
Plot No 1367, Road No- 45, Jubilee Hills,  
Hyderabad- 500033, Telangana.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KELLTON TECH SOLUTIONS LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the Financial Year beginning from April 1, 2017 and ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

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



(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable to the Company during the audit period

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable to the Company during the audit period

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable to the Company during the audit period

(6) Other laws applicable to the Company as per the representations made by the Management.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

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

i) I further observed that the company has delayed in filing resolutions with respect to appointment of Internal Auditor as per section 179(3) read with rule 8 of the Act.

#### **I further report that :**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors.
  - Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - Majority decisions are carried out unanimously and are captured and recorded as part of the minutes.
- I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

for **N.V.S.S. Suryanarayana Rao**  
Company Secretaries

**N.V.S.S. Suryanarayana Rao**  
Membership Number: 5868  
Certificate of Practice Number: 2886

**Place :** Hyderabad  
**Date :** 24/08/2018

*Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report;*





To,  
The Members,  
**KELLTON TECH SOLUTIONS LIMITED,**  
Plot No 1367, Road No- 45, Jubilee Hills,  
Hyderabad- 500033,  
Telangana.

I report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N.V.S.S. Suryanarayana Rao**  
Company Secretaries

**N.V.S.S. Suryanarayana Rao**  
Membership Number: 5868  
Certificate of Practice Number: 2886

**Place :** Hyderabad  
**Date :** 24/08/2018



### EXTRACT OF ANNUAL RETURN

#### FOR THE FINANCIAL YEAR ENDED March 31, 2018

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

#### I. REGISTRATION AND OTHER DETAILS:

CIN	:	L72200TG1993PLC016819
Registration Date	:	31/12/1993
Name of the Company	:	KELLTON TECH SOLUTIONS LIMITED
Category / Sub-Category of the Company	:	Company Limited By Shares/ Indian Non-Government Company
Address of the Registered office and contact details	:	Plot No 1367, Road No- 45 Jubilee Hills Hyderabad Tg 500033 In
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:		M/s. XL Softech Systems Ltd. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana, email: xlfield@gmail.com Website: www.xlsoftech.com Phone : 040 23545913/14/15 Fax: 040 23553214

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	IT Services	620	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Kellton Dbydx Software Private Limited	U72200TG-2005PTC094635	Subsidiary	100	Sec 2(87)
2	Kellton Tech Inc, USA	46-3594835	Subsidiary	100	Sec 2(87)
3	Kellton Tech Solutions Inc., USA	47-4003633	Subsidiary	100	Sec 2(87)
4	Kellton Tech Limited, Ireland	573210	Subsidiary	100	Sec 2(87)
5	Kellton Tech Solutions Pte. Ltd.	S8802722A	Subsidiary	100	Sec 2(87)



**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**

**i. Category-wise Share Holding :**

Category of Share holders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
(1) Indian								
a) Individual/HUF	11,97,192	0	11,97,192	2.54	23,94,384	0	23,94,384	2.48
b) Central Govt	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-
d) Bodies Corp.	2,79,85,950	0	2,79,85,950	59.36	5,59,71,900	0	5,59,71,900	58.07
e) Banks / FI	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):</b>	<b>2,91,83,142</b>	<b>0</b>	<b>2,91,83,142</b>	<b>61.90</b>	<b>5,83,66,284</b>	<b>0</b>	<b>5,83,66,284</b>	<b>60.56</b>
(2) Foreign								
a) NRIs - Individuals	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	<b>2,91,83,142</b>	<b>0</b>	<b>2,91,83,142</b>	<b>61.90</b>	<b>5,83,66,284</b>	<b>0</b>	<b>5,83,66,284</b>	<b>60.56</b>
<b>B. Public Shareholding</b>								



(1) Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NIL
a) Mutual Funds	0	0	0	0	0	2,93,400	0	2,93,400	0	2,93,400	0	0	0	0	2,93,400	0	0	0	0	0	0	0.30
b) Banks / FI	27,432	0	27,432	0.06	45,348	0	45,348	0	45,348	0	0	0	0	45,348	0	0	0	0	0	0	0	0.05
c) Central Govt	0	0	0	0	00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil
d) State Govt(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil
g) FIs	17,55,987	0	17,55,987	3.72	47,10,522	0	47,10,522	0	47,10,522	0	47,10,522	0	47,10,522	0	47,10,522	0	47,10,522	0	47,10,522	0	4.89	1.17
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil
i) Others (specify) Foreign Portfolio Investors																						
<b>Sub-total (B)(1):</b>	<b>17,83,419</b>	<b>0</b>	<b>17,83,419</b>	<b>3.78</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>50,49,270</b>	<b>0</b>	<b>5.24</b>	<b>1.48</b>
(2) Non-Institutions																						
a) Bodies Corp.																						
i) Indian	33,90,440	0	33,90,440	7.19	92,25,076	76,200	92,25,076	76,200	93,01,276	93,01,276	0	0	0	93,01,276	0	0	0	0	0	0	0	2.46
ii) Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Individuals																						
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	65,43,671	3,18,000	68,61,671	14.55	1,15,30,282	5,92,400	1,15,30,282	5,92,400	1,21,22,682	1,21,22,682	0	0	0	1,21,22,682	0	0	0	0	0	0	12.58%	1.97
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	51,01,261	4,03,844	55,05,105	11.68%	93,08,082	8,29,088	93,08,082	8,29,088	1,01,37,170	1,01,37,170	0	0	0	1,01,37,170	0	0	0	0	0	0	10.52%	1.16
c) Others (specify)	4,20,796	0	4,20,796	0.89	12,52,454	1,53,332	12,52,454	1,53,332	14,05,786	14,05,786	0	0	0	14,05,786	0	0	0	0	0	0	1.45	0.56
Sub-total(B)(2):	15,18,068	7,59,944	1,61,78,012	34.32	3,13,15,894	16,51,020	3,13,15,894	16,51,020	3,29,66,914	3,29,66,914	0	0	0	3,29,66,914	0	0	0	0	0	0	34.20	0.12
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1,72,01,487</b>	<b>7,59,944</b>	<b>1,79,61,431</b>	<b>38.10</b>	<b>3,63,65,164</b>	<b>16,51,020</b>	<b>3,63,65,164</b>	<b>16,51,020</b>	<b>3,80,16,184</b>	<b>3,80,16,184</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,80,16,184</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39.44</b>	<b>1.34</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>4,63,84,629</b>	<b>7,59,944</b>	<b>4,71,44,573</b>	<b>100</b>	<b>9,47,31,448</b>	<b>16,51,020</b>	<b>9,47,31,448</b>	<b>16,51,020</b>	<b>9,63,82,468</b>	<b>9,63,82,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,63,82,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>



## ii. SHAREHOLDING OF PROMOTERS :

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the Year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	KRISHNA REDDY CHINTAM	571, 143	1.211	0	11,42,286	1.185	0	0.026
2	SREEVIDYA CHINTAM	451,388	0.957	0	9,02,776	0.937	0	0.02
3	MOHANA REDDY CHINTAM	164, 276	0.348	0	3,28,552	0.341	0	0.007
4	LAKSHMI CHINTAM	10385	0.022	0	20,770	0.022	0	0
5	KELLTON WEALTH MANAGEMENT LLP	64,00,000	13.575	0	1,28,00,000	13.280	0	0.295
6	MATNIC FINVEST LLP	2,15,85,950	45.787	5.93	4,31,71,900	44.792	5.81	0.995
	TOTAL	2,91,83,142	61.89	5.93	5,83,66,284	60.56	5.81	1.33



**iii. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):**

	<b>KRISHNA REDDY CHINTAM</b>	<b>SREEVIDYA CHINTAM</b>	<b>MOHANA REDDY CHINTAM</b>	<b>LAKSHMI CHINTAM</b>	<b>KELLTON WEALTH MANAGEMENT LLP</b>	<b>MATNIC FINVEST LLP</b>	<b>CUMULATIVE SHAREHOLDING (TOTAL NO. OF SHARES)</b>	<b>REASON FOR CHANGE</b>
Shares as on April 1, 2017 (At the beginning of the year)	571, 143	451,388	164, 276	10,385	64,00,000	2,15,85,950	2,91,83,142	
% of total shares of the Company as on April 01, 2017 (At the beginning of the year)	1.211	0.957	0.348	0.022	13.575	45.787	61.89	
Date wise increase/ decrease during the year (Sale/ Purchase/ allotment/ Transfer/ Bonus/ Buyback)								
31/03/2018	571, 143	451,388	164, 276	10385	64,00,000	2,15,85,950	2,91,83,142	
Shares as on March 31, 2018 (At the end of the year)	11,42,286	9,02,776	3,28,552	20,770	1,28,00,000	4,31,71,900	5,83,66,284	Bonus Issue



% of total shares of the Company as on March 31, 2018 (At the end of the year)	1.185	0.937	0.341	0.022	13.280	44,792	60.56	The percentage of shareholding of Promoters has diluted due to allotment of shares under ESOP Scheme, 2013
--	-------	-------	-------	-------	--------	--------	-------	--

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

Sl. No	Name of the Share holder	Shareholding at the beginning of the year		No. Of Shares		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
1.	Prosoft Cyberworld Private Limited	8,00,000	1.70	7,45,921	54,079	14,91,842	1.55
2	Grandeur Peak International Opportunities	4,42,587	0.94	8,94,970	-	13,37,558	1.39
3	Kellton Securities Private Limited	6,34,468	1.34	6,34,468	-	12,69,708	1.32
4	Grandeur Peak Global Opportunities Fund	4,03,491	0.86	7,82,509	-	11,86,000	1.23
5	Grandeur Peak Emerging Markets Opportuni	4,81,753	1.02	94,422	-	11,52,350	1.20



6.	Mahendra Ramakrishna Dandekar	2,67,871	0.57	4,70,887	-	7,38,758	0.77
7	Ricco International Private Limited	3,36,867	0.71	3,36,867	-	6,73,734	0.70
8	Ashish Kumar	3,19,334	0.68	3,19,334	-	6,38,668	0.66
9	Udayan Kanubhai Mandavia	3,60,000	0.76	2,75,736	-	6,35,736	0.66
10	Grandeur Peak Global Reach Fund	1,88,134	0.39	3,50,890	-	5,39,024	0.55

## v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Niranjan Reddy Chintam-Executive Chairman/WTD	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil
2	Krishna Reddy Chintam- Managing Director	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	5,71,143	1.21	11,42,286	1.185
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year			11,42,286	1.185





3	Rajendra Vithal Naniwadekar	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1,91,400	0.40	1,91,400	0.40
	Decrease in Share holding during the year specifying the reasons for decrease				Nil
	Sale on 16/11/2017	(20,000)	-	1,71,400	
	Sale on 09/02/2018	(7,000)	-	1,64,400	
	Sale on 12/02/2018	(15,000)	-	1,49,400	
	Allotment under Bonus Issue March 31st, 2018	1,49,400	-	2,98,800	
	At the End of the year	Nil	Nil	2,98,800	0.31
4	Brijmohan Venkata Mandala - Director	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1,00,000	0.23	1,00,000	0.23
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	Allotment under Bonus Issue March 31st, 2018	1,00,000		2,00,000	
	At the End of the year	Nil	Nil	2,00,000	0.20
5	Karanjit Singh-Chief Executive Officer	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1,20,078	0.25	1,20,078	0.25
	Allotment of Shares Pursuant to ESOP Scheme, 2013	66,667		1,86,745	
	Allotment under Bonus Issue March 31st, 2018	1,86,745	0.38	3,73,490	0.38



	At the End of the year	-	-	3,73,490	0.38
6	Srinivas Potluri	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1,00,000	0.21	1,00,000	0.21
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	66,666	Nil	1,66,666	0.34
	Allotment of Shares Pursuant to ESOP Scheme, 2013				
	Allotment under Bonus Issue March 31st, 2018	1,66,666		3,33,332	0.34
	At the End of the year	-	-	3,33,332	0.34
7	PVV Srinivasa Rao	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil
8	Kunda Kalpana	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil



	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil
9	Pawni Bhawe- Company Secretary	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil



## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	21,95,83,207	Nil	Nil	21,95,83,207
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest ac- crued but not due	11,441	Nil	Nil	11,441
Total (i+ii+iii)	21,95,94,648	Nil	Nil	21,95,94,648
Change in Indebt- edness during the financial year				
Addition	9,08,07,851	Nil	Nil	9,08,07,851
Reduction	15,21,978	Nil	Nil	15,21,978
Net Change	8,92,85,873	Nil	Nil	8,92,85,873
Indebtedness at the end of the financial year				
i) i) Principal Amount	30,88,69,080	Nil	Nil	30,88,69,080
ii) Interest due but not paid	Nil	Nil	Nil	Nil
Interest accrued but not due	3,412	Nil	Nil	3,412
Total (i+ii+iii)	30,88,72,492	Nil	Nil	30,88,72,492



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager\*: Refer Note No. 29(v) of Standalone financial statements

### B. REMUNERATION TO OTHER DIRECTORS :

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Rajendra Nani-wadekar	Brijmohan V Mandala	Srinivas Potluri	P Srinivasa Rao	Jhansi Lakshmi Gorla	Kunda Kalpana	
1	Independent Directors							
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	1,00,000	1,00,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Other Non-Executive Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1+2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overall Ceiling as per the Act : The act provides for paying sitting fees upto Rs 1,00,000 per meeting								



## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
	Pawni Bhawe-Company Secretary	Company Secretary	CFO	Total
1	Gross salary	3,81,000	0	3,81,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,81,000	0	3,81,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please Specify	0	0	0
	<b>Total</b>	<b>3,81,000</b>	<b>0</b>	<b>3,81,000</b>

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

There were no Penalties, Punishment or Compounding of offences during the F.Y. ended 31st March, 2018.

Place : Hyderabad  
Date : 04/09/2018

**Mr. Krishna Chintam**  
Managing Director  
(DIN:01658145)

**Niranjan Chintam**  
Executive Chairman  
(DIN: 01658591)



### REPORT ON CORPORATE SOCIAL RESPONSIBILITY

#### (CSR) Policy and Activities as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

Kellton Tech believes in balancing growth priorities with social responsibility. Indeed, even in its commercial undertakings, it attracts special attention to those projects concerning the welfare of masses. It lends a helping hand to various institutions dedicated to philanthropic pursuits. Additionally, it has offered direct assistance to the needy through the allocated CSR funds and funds generated by employee-contribution.

With the advent of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Our CSR Policy is framed, in accordance with the requirement of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including all statutory modifications / amendments made thereof.

The objective of the policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

#### Composition of CSR Committee:

The CSR Committee of the board is tasked with the responsibility of keeping a close eye on the adherence of activities to Kellton Tech's CSR objectives and supervising the execution of its CSR policy. The committee earmarks the activities on which the funds are to be expended and evaluates the progress and resultant benefits accrued from them. The CSR committee comprises two independent directors and the MD. The members of the CSR committee are :

S.no	Name	Category of Director	Designation
1.	Mr. Rajendra Vithal Naniwadekar	Non-Executive Independent Director	Chairman
2.	Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
3.	Mr. Krishna Chintam	Executive Director	Member

#### Our objectives

Our broad objectives as stated in our CSR policy include:

- To actively contribute to the social, environmental and economic development of the society in which we operate.

A brief outline of the Company's CSR Policy is provided in the link at website viz [www.kelltontech.com](http://www.kelltontech.com)

#### FOCUS AREAS

1. Healthcare Sector
2. Skill Development for youth from backward areas
3. Financial aid to meritorious students

Kellton tech is committed to skill development initiatives and vocational training sessions for the weaker section and the underprivileged. In association with NGOs we have conducted training sessions for developing skill sets by providing basic knowledge of computer operations and fundamental software skills like usage of Internet services and MS office which are essential in any work area .



The funds provided have been efficiently utilised in honing the skills of youth from villages and backward areas of States of Andhra Pradesh and Telangana, in various fields which will help them get improved job opportunities and earn a respectable livelihood.

In the past year, employees of Hyderabad and Gurugram offices have participated in the distribution of essentials for infants and nourishing edibles to other patients of local hospitals as part of REACH OUT initiative of Kellton Tech.

The company has worked closely with NGO's in health care sector for providing patient care for elderly, distribution of essential medicines and education for prevention and eradication of diseases. We have put special emphasis in the area of health care and have, therefore spent a major portion of our CSR expenditure in the said area.

## Financial details

Section 135 of the Companies Act, 2013 and Rules made under it prescribe that every company having a net worth of ₹ 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility (CSR) Policy. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to Kellton Tech Solutions Limited.

The financial details as sought by the Companies Act, 2013 for financial year 2017-18 are as follows :

- Average Net profit for the preceding three Financial Years for the purpose of computation of CSR : Rs. 7,84,71,832/-
- Prescribed CSR expenditure (2% of Average Net Profit): Rs. 15,69,437/-
- Details of CSR spent for the financial year :
  - a. Total amount spent during the financial year 2017-18: Rs. 15,78,599/-
  - b. Amount unspent, if any: Nil
  - c. Manner in which the amount spent during the financial year is detailed below :

**(Amount in Rs.)**

S No.	CSR Project or activity identified	Sector in which the project is covered	Project or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1. Direct Expenditure on projects or programs. 2. Over-heads	Cumulative expenditure upto reporting period	Amount Spent: Direct or through implementing agency
1.	Fund provided to NGO for Child Education	Education	Telangana/ Andhra Pradesh	1,00,200	1,00,200	1,00,200	Kellton Tech Solutions Limited
2.	Scholarship fund for meritorious students	Education	Telangana/ Andhra Pradesh	30,000	30,000	30,000	Kellton Tech Solutions Limited



# KELLTON TECH SOLUTIONS LIMITED



3.	Fund provided to NGO for disease eradication through education of preventive measures	Health Care and Skill Development	Telangana/Uttar Pradesh	14,20,000	14,20,000	14,20,000	Kellton Tech Solutions Limited
4.	Amount spent for REACH OUT initiative	Child and Health Care	Telangana	28,400	28,400	28,400	Kellton Tech Solutions Limited

**Place :** Hyderabad  
**Date :** 04/09/2018

Sd/-  
**Rajendra Naniwadekar**  
CSR committee Chairman

Sd/-  
**Krishna Chintam**  
Managing Director



### INDEPENDENT AUDITOR'S REPORT

**To The Members of  
Kellton Tech Solutions Limited**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Kellton Tech Solutions Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the



accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

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

### **1. As required by Section 143(3) of the Act, based on our audit, we report that:**

**a.** We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

**b.** In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

**c.** The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

**d.** In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

**e.** On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

**f.** With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in '**Annexure A**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

**i.** The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

**ii.** The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.



iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Sastri&Shah**

Chartered Accountants  
FRN: 003642S

**Sd/-**

(C. Pavan Kumar)

**Managing Partner**  
M.NO.205896

**Place :** Hyderabad

**Date :** 30/05/2018



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

## **Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

## **Opinion**

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

## **For Sastri&Shah**

Chartered Accountants  
FRN: 003642S

**Sd/-**

(C. Pavan Kumar)

**Managing Partner**

M.NO.205896

**Place :** Hyderabad

**Date :** 30/05/2018



## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Kellton Tech Solutions Limited of even date)

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

We have audited the internal financial controls over financial reporting of Kellton Tech Solutions Limited ('the Company') as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Kellton Tech Solutions Limited 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.** In respect of the Company's fixed assets:

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

**b.** The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

**c.** According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

**ii.** The Company is in the business of providing software services and has physical inventories. As explained to us, physical verification of inventories has been conducted by the Management at reasonable intervals during the year. No material discrepancies were noticed.

**iii.** According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

**iv.** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

**v.** The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

**vi.** The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.

**vii.** According to the information and explanations given to us, in respect of statutory dues:

**a.** The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

**b.** There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.



**c.** There were no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2018 on account of dispute.

**viii.** According to the information and explanations given to us and based on the records of the company examined by us, the Company has availed loans or borrowings from multiple Banks, the repayments of which during the year have been prompt, without any default.

**ix.** The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.

**x.** To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

**xi.** In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**xii.** The Company is not a nidhi company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company.

**xiii.** In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

**xiv.** During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence, reporting under Clause 3 (xiv) of the Order is not applicable to the Company.

**xv.** In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

**xvi.** The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Sastri&Shah**

Chartered Accountants  
FRN: 003642S

**Sd/-**

(C. Pavan Kumar)

**Managing Partner**

M.NO.205896

**Place :** Hyderabad

**Date :** 30/05/2018





## STANDALONE BALANCE SHEET AS AT 31.03.2018

(Amount in Rs)

	NOTE	As at March 31 '2018	As at March 31 '2017	As at April 1 '2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	7,68,93,915	8,39,80,527	5,73,11,890
Capital work in progress		-	1,02,14,409	72,13,906
Goodwill	6	9,62,50,000	9,62,50,000	9,62,50,000
Other intangible assets		1,15,00,771	9,98,309	19,42,154
<b>Financial assets</b>				
Investments	7	70,13,86,922	59,41,01,669	40,70,25,609
Loans	8	1,25,30,178	1,13,91,071	19,42,655
Deferred tax assets (net)	9	21,20,131	1,86,00,484	2,22,79,034
Other non-current assets	10	29,03,53,314	35,71,49,403	13,59,85,746
		<b>1,19,10,35,231</b>	<b>1,17,26,85,872</b>	<b>72,99,50,994</b>
<b>Current assets</b>				
Inventories		2,42,10,021	2,39,19,908	3,32,15,545
<b>Financial assets</b>				
Trade receivables	11	49,06,12,712	22,34,77,729	17,89,73,785
Cash and cash equivalents	12	7,80,56,162	7,07,91,253	2,13,62,849
Loans	13	1,57,000	1,39,63,378	1,85,37,319
Other financial assets	14	5,49,19,012	3,20,25,789	4,46,68,126
Other current assets	15	7,78,72,635	9,35,39,202	10,09,25,638
		<b>72,58,27,542</b>	<b>45,77,17,258</b>	<b>39,76,83,262</b>
<b>TOTAL ASSETS</b>		<b>1,91,68,62,773</b>	<b>1,63,04,03,130</b>	<b>1,12,76,34,256</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	16	48,19,12,340	23,57,22,865	23,41,31,300
Other equity	17	55,02,47,593	66,01,81,448	55,86,93,971
		<b>1,03,21,59,933</b>	<b>89,59,04,313</b>	<b>79,28,25,271</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	18	2,17,98,353	1,99,47,461	4,94,736

# KELLTON TECH SOLUTIONS LIMITED



Other financial liabilities	19	26,80,06,000	34,23,55,200	13,46,49,900
Provisions	20	1,32,57,511	1,01,20,054	26,84,984
		<b>30,30,61,864</b>	<b>37,24,22,715</b>	<b>13,78,29,620</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	21	28,66,13,200	19,92,00,835	8,64,35,089
Trade payables	22	16,71,24,200	3,09,24,593	1,92,81,237
Other financial liabilities	23	4,60,938	4,46,353	1,96,600
Other current liabilities	24	7,56,29,356	7,72,12,949	6,27,40,605
Provisions	25	3,18,77,563	3,00,43,848	2,25,00,061
Current tax liabilities (Net)		1,99,35,719	2,42,47,523	58,25,773
		58,16,40,976	36,20,76,101	19,69,79,365
		88,47,02,840	73,44,98,816	33,48,08,985
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,91,68,62,773</b>	<b>1,63,04,03,130</b>	<b>1,12,76,34,256</b>

For **Sastri & Shah**  
Firms' Registration Number: 003642S  
Chartered Accountants

**Sd/-**  
**Niranjan Chintam**  
Director & CFO

**Sd/-**  
**Krishna Chintam**  
Managing Director

**Sd/-**  
**C. Pavan Kumar**  
Managing Partner  
M No. 205896

**Place :** Hyderabad  
**Date :** 30 May 2018

**Sd/-**  
**Pawni Bhawe**  
Company Secretary  
M No. 48587



## STANDALONE STATEMENT OF PROFIT AND LOSS AT 31ST MARCH 2018

(Amount in Rs)

	Note	31-March-18	31-March-17
Revenue from operations	26	1,22,54,38,764	76,49,69,400
Other income	27	2,47,52,266	2,19,77,058
<b>Total income</b>		<b>1,25,01,91,030</b>	<b>78,69,46,458</b>
<b>Expenses</b>			
Cost of materials consumed	28	35,15,45,849	1,02,82,922
Employee benefits expense	29	48,12,29,191	46,01,57,903
Finance costs	30	3,88,26,982	2,01,47,764
Depreciation and amortization expense	31	2,16,96,473	1,82,93,373
Other expenses	32	21,62,23,258	15,72,99,409
<b>Total expenses</b>		<b>1,10,95,21,753</b>	<b>66,61,81,371</b>
<b>Profit / (Loss) before Exceptional items and tax</b>		<b>14,06,69,277</b>	<b>12,07,65,087</b>
Exceptional Items			
<b>Profit / (Loss) before tax</b>		<b>14,06,69,277</b>	<b>12,07,65,087</b>
<b>Tax expense:</b>			
Current tax		4,70,09,333	4,34,61,645
Tax/(credit) in respect to earlier years		(27,31,254)	5,95,573
Deferred tax		(21,66,245)	(30,48,294)
<b>Profit (Loss) for the period from continuing operations</b>		<b>9,85,57,443</b>	<b>7,97,56,163</b>
<b>Profit/(loss) for the period</b>		<b>9,85,57,443</b>	<b>7,97,56,163</b>
Other comprehensive income			
A) (i) Items that will not be reclassified to profit or loss		-	-
Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(28,90,832)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) (i) Items that will be reclassified to profit or loss		10,00,459	
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive income</b>		<b>(18,90,373)</b>	<b>-</b>
<b>Total comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>10,04,47,816</b>	<b>7,97,56,163</b>
<b>Earnings per equity share (for continuing operation):</b>			
Basic	33	1.04	0.84
Diluted		1.04	0.84



See accompanying notes to the interim financial statements

## Summary of Significant Accounting policies 1 to 4

For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director

**Sd/-**

**C. Pavan Kumar**

Managing Partner

M No. 205896

**Sd/-**

**Pawni Bhawe**

Company Secretary

M No. 48587

**Place :** Hyderabad

**Date :** 30 May 2018



## STANDALONE STATEMENT OF CASH FLOW

(Amount in Rs)

	For the Year ended	
	March 31'2018	March 31'2017
<b>Cash flow from Operating Activities</b>		
Profit for the Period	14,06,69,277	12,07,65,087
<b>Adjustments for :</b>		
Depreciation and amortization expense	2,16,96,473	1,82,93,373
Expense on employee stock based compensation	25,82,073	64,35,690
Allowance for doubtful debt	17,86,428	
Bad Debts	41,53,023	
Finance costs	3,88,26,982	2,01,47,764
Miscellaneous expenses written back	(1,53,178)	(5,26,302)
Profit on disposal of property, plant and equipment	-	(16,653)
Loss on disposal of property, plant and equipment	23,586	
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(27,29,21,256)	(4,45,03,944)
Other assets	(21,63,401)	1,68,92,543
Trade payables	13,61,99,607	1,21,69,658
Other liabilities	(15,69,008)	1,47,22,097
Provisions	49,71,172	1,49,78,857
<b>Net cash provided by operating activities before taxes</b>	<b>7,41,01,778</b>	<b>17,93,58,170</b>
Income taxes paid	2,71,58,313	1,89,08,621
<b>Net cash provided by operating activities</b>	<b>4,69,43,465</b>	<b>16,04,49,549</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1,46,39,028)	(4,67,19,543)
Investment in subsidiaries	(10,72,85,253)	(18,70,76,060)
<b>Net cash (used in) or provided by investing activities</b>	<b>(12,19,24,281)</b>	<b>(23,37,95,604)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	52,33,305	12,58,265
Change in securities premium	2,65,76,146	94,45,490
Finance costs paid	(3,88,26,982)	(2,01,47,764)
Change in loans and borrowings	8,92,63,256	13,22,18,472
Dividends paid (including distribution tax)		
<b>Net cash used in financing activities</b>	<b>8,22,45,725</b>	<b>12,27,74,463</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents		
<b>Net increase in cash and cash equivalents</b>	<b>72,64,910</b>	<b>4,94,28,408</b>



Cash and cash equivalents at the beginning of the period	7,07,91,253	2,13,62,849
<b>Cash and cash equivalents at the end of the period (Refer Note 7.3)</b>	<b>7,80,56,162</b>	<b>7,07,91,257</b>

See accompanying notes to the interim financial statements

For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

Sd/-

**Niranjan Chintam**

Director & CFO

Sd/-

**Krishna Chintam**

Managing Director

Sd/-

**C. Pavan Kumar**

Managing Partner

M No. 205896

Sd/-

**Pawni Bhawe**

Company Secretary

M No. 48587

**Place :** Hyderabad

**Date :** 30 May 2018



## KELLTON TECH SOLUTIONS LIMITED

### Statement of changes in equity for the year ended March 31, 2018

(a) Equity share capital	Amount
<b>Balance as at the April 1, 2016</b>	23,41,31,300
Add: Shares issued	15,91,565
Add: Shares issued on exercise of employee stock options.	<b>23,57,22,865</b>
<b>Balance as at the March 31, 2017</b>	<b>23,57,22,865</b>
<b>Balance as at April 1, 2017</b>	52,33,305
Add: Shares issued on exercise of employee stock options.	24,09,56,170
Add: Bonus Shares issued	<b>48,19,12,340</b>
<b>Balance at the March 31, 2018</b>	

Particulars	Reserves and Surplus (refer note 10)							Total
	Share application money pending allotment	Capital reserve	General reserve	Securities premium reserve	Share options outstanding account	Retained earnings		
<b>Balance as at April 1, 2016</b>	3,33,300	5,67,350	1,35,51,494	33,57,13,938	-	20,85,27,889	55,86,93,971	
Restated balance at the beginning of the reporting period						(94,569)	(94,569)	
<i>Total Comprehensive Income for the period comprising of:</i>							-	
Profit for the period						8,40,59,158	8,40,59,158	
Reduction in corporate guarantee liability				94,45,490			94,45,490	
Compensation cost related to employee share based payment					1,26,19,124	(42,08,426)	84,10,698	
Share issued against share application money	(3,33,300)						(3,33,300)	
<b>Balance as at March 31, 2017</b>	-	<b>5,67,350</b>	<b>1,35,51,494</b>	<b>34,51,59,428</b>	<b>1,26,19,124</b>	<b>28,82,84,052</b>	<b>66,01,81,448</b>	



<b>Balance as at April 1, 2017</b>	-	5,67,350	1,35,51,494	34,51,59,428	1,26,19,124	28,82,84,052	66,01,81,448
Changes in accounting policy or prior period errors							
<i>Total Comprehensive Income for the year comprising of:</i>							-
Profit for the period						10,04,47,816	10,04,47,816
Other Changes (Specified as under)							-
Issue of equity shares				(24,09,56,171)			(24,09,56,171)
Reduction in corporate guarantee liability							
Compensation cost related to employee share based payment					39,98,354		39,98,354
Share issued against share application money				2,65,76,146			2,65,76,146
<b>Balance at the March 31, 2018</b>	-	5,67,350	1,35,51,494	13,07,79,403	1,66,17,478	38,87,31,868	55,02,47,593

**For Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

Sd/-

**Niranjani Chintam**  
Director & CFO

Sd/-

**Krishna Chintam**  
Managing Director

Sd/-

**C. Pavan Kumar**  
Managing Partner  
M No. 205896

Sd/-

**Pawani Bhawe**  
Company Secretary  
M No. 48587

**Place :** Hyderabad

**Date :** 30 May 2018





## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS ACCOUNTING POLICIES FOR STANDALONE STATEMENTS 31<sup>ST</sup> -MARCH 2018

### 1) Corporate Information

Kellton Tech Solutions Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is global company and offers services in digital transformation, ERP and other IT services.

### 2) Basis of preparation

a) 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 other than Share based payment transactions and defined benefit and other long-term employee benefits.

b) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

### Statement of compliance

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

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

These are the Company's first Ind AS financial statements. The date of transition is April 1, 2016. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS .

### 3) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes



## **a) Revenue recognition**

The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made.

## **b) Income tax**

The Company tax jurisdictions are India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

## **c) Other estimates**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

## **4) Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

### **b) Foreign currency transactions and balances**

#### **i) Initial Recognition**

Foreign currency transactions are recorded at the rates prevailing date of transactions.

#### **ii) Exchange Differences**

Exchange differences arising on settlement of transaction and translation of monetary items are recognized as income or expense.

#### **iii) Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.



## **iv) Translational**

Any exchange gain/loss consequent to translating financial statements from functional currency to presentation currency, the resultant exchange difference is recognized in OCI and part of foreign currency translation reserve until eventual disposal of investment.

## **c) 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.

## **d) Inventories**

Inventories are valued at lower of the cost or net realizable value whichever is lower on weighted average basis.

## **e) Property, plant and equipment**

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

## **f) Intangible Assets**

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.

Software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less accumulated amortization and impairment.

Gains or losses arising from disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.



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. Key assumptions used by management to determine the fair value of the goodwill include industry earnings multiples and earnings multiples from previous company acquisitions

## **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.

## **g) 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.

Preliminary expenditure: To write off preliminary expenses in ten equal yearly installments.

## **h) 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 necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged in statement of profit and loss.

## **i) Leases**

Assets acquired under finance leases are recognized at the lower of the value of the leased assets at inception or present value if minimum lease payments. Lease Payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to period during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

## **j) Revenue Recognition**

**i)** Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

**ii)** In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

**iii)** Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

**iv)** Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

**v)** Interest income is recognized on a time proportion basis taking into account the carrying amount and



the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

## **k) Employee Benefits**

The Company has the following employee benefit plans

### **i) Provident fund**

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

### **ii) Gratuity**

The Company has a scheme for payment of gratuity to all its employees as per provisions of the Payment of Gratuity Act 1972. The Company provides for period end liability using the projected unit credit method as per the actuarial valuation carried out by the Independent actuary. The cost of providing benefit under gratuity plan are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur.

### **iii) Leave encashment.**

The company measures the expected cost of compensated absences as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non accumulating compensated absences are recognized in the period in which the absences occur.

### **l) Share based payments**

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.



## **m) Income Tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### **i) Current Income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### **ii) Deferred Income Tax**

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## **n) Earnings Per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

## **o) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## **p) Contingent Liabilities**

Subject to IND AS 109, contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

## **q) Cash and cash equivalents**

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original, which are subject to an insignificant risk of changes in value.

## **r) Cash flow statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **s) 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 necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## **t) Related parties Transactions**

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

## **u) Recent Accounting Pronouncements**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs('the MCA') notified the companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind As 21. Foreign Currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.



Ind AS 115, Revenue from contract with customers, on March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's Contracts with customers.

The standard permits two possible methods of transition:

## **Retrospective approach**

Under this approach the standard will be applied retrospectively to each prior reporting period presumed in accordance with Ind AS 8, Accounting policies, changes in accounting estimates and errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

## **Cumulative catch-up approach**

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending on March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

## **v) Financial Instruments**

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss (ECL) model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.

## **w) Fair Value of financial instrument**

In determining the fair value of financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to short maturity of these instruments.





## KELLTON TECH SOLUTIONS LIMITED

Significant accounting policies and notes to the accounts  
For the year ended **March 31, 2018**

**Note No 5.** Property, plant and equipment

Particulars	Plant and Machinery	Office Equipment	Computers	Electrical installations	Furniture & Fixtures	Vehicles	Total
<b>Gross carrying value</b>							
<b>At April 1, 2016</b>	<b>16,18,553</b>	<b>42,60,245</b>	<b>4,01,58,995</b>	<b>1,07,72,502</b>	<b>1,17,02,946</b>	<b>2,06,58,781</b>	<b>8,91,72,022</b>
Additions	9,30,805	4,61,819	66,85,053	91,70,528	2,56,39,530	9,05,980	4,37,93,715
Disposals / adjustments			(1,04,867)				(1,04,867)
<b>At March 31, 2017</b>	<b>25,49,358</b>	<b>47,22,064</b>	<b>4,67,39,181</b>	<b>1,99,43,030</b>	<b>3,73,42,476</b>	<b>2,15,64,761</b>	<b>13,28,60,870</b>
<b>At April 1, 2017</b>	<b>25,49,358</b>	<b>47,22,064</b>	<b>4,67,39,181</b>	<b>1,99,43,030</b>	<b>3,73,42,476</b>	<b>2,15,64,761</b>	<b>13,28,60,870</b>
Additions	66,270	6,30,901	38,00,758	38,94,397	52,67,875		1,36,60,199
Disposals / adjustments	-	(8,625)	(21,40,928)	(3,81,981)	(1,19,800)		(26,51,334)
<b>At March 31, 2018</b>	<b>26,15,628</b>	<b>53,44,340</b>	<b>4,83,99,011</b>	<b>2,34,55,446</b>	<b>4,24,90,551</b>	<b>2,15,64,761</b>	<b>14,38,69,736</b>
<b>Accumulated depreciation</b>							
<b>At April 1, 2016</b>	<b>6,80,738</b>	<b>20,26,419</b>	<b>1,90,66,374</b>	<b>27,46,637</b>	<b>16,04,826</b>	<b>57,35,148</b>	<b>3,18,60,142</b>
Depreciation expense	1,97,494	8,77,249	96,18,023	15,08,192	22,12,201	26,53,898	1,70,67,057
Disposals / adjustments			(46,851)				(46,851)



# KELLTON TECH SOLUTIONS LIMITED

<b>At March 31, 2017</b>	<b>8,78,232</b>	<b>29,03,668</b>	<b>2,86,37,546</b>	<b>42,54,829</b>	<b>38,17,027</b>	<b>83,89,046</b>	<b>4,88,80,348</b>
<b>At April 1, 2017</b>	<b>8,78,232</b>	<b>29,03,668</b>	<b>2,86,37,546</b>	<b>42,54,829</b>	<b>38,17,027</b>	<b>83,89,046</b>	<b>4,88,80,348</b>
Depreciation expense	2,46,431	9,97,235	1,05,67,316	21,36,479	39,26,361	26,53,898	2,05,27,720
Disposals / adjustments		(7,470)	(21,37,976)	(2,52,561)	(34,240)		(24,32,248)
<b>At March 31, 2018</b>	<b>11,24,663</b>	<b>38,93,433</b>	<b>3,70,66,886</b>	<b>61,38,746</b>	<b>77,09,148</b>	<b>1,10,42,944</b>	<b>6,69,75,820</b>
<b>Net block March 31, 2018</b>	<b>14,90,964</b>	<b>14,50,908</b>	<b>1,13,32,124</b>	<b>1,73,16,699</b>	<b>3,47,81,403</b>	<b>1,05,21,817</b>	<b>7,68,93,915</b>
<b>Net block March 31, 2017</b>	<b>16,71,126</b>	<b>18,18,396</b>	<b>1,81,01,635</b>	<b>1,56,88,201</b>	<b>3,35,25,449</b>	<b>1,31,75,720</b>	<b>8,39,80,527</b>
<b>Net block April 01, 2016</b>	<b>9,37,815</b>	<b>22,33,826</b>	<b>2,10,92,621</b>	<b>80,25,865</b>	<b>1,00,98,130</b>	<b>1,49,23,633</b>	<b>5,73,11,890</b>



**Note No 6.**

	<b>Capital Work In Progress</b>	<b>Good Will</b>	<b>Other Intangible Assets</b>
<b>Gross carrying value</b>			
<b>At April 1, 2016</b>	<b>72,13,906</b>	<b>9,62,50,000</b>	<b>1,19,12,401</b>
Additions	30,00,503		-
Disposals / adjustments			-
<b>At March 31, 2017</b>	<b>1,02,14,409</b>	<b>9,62,50,000</b>	<b>1,19,12,401</b>
<b>At April 1, 2017</b>	<b>1,02,14,409</b>	<b>9,62,50,000</b>	<b>1,19,12,401</b>
Additions			1,13,88,743
Disposals / adjustments	(1,02,14,409)		-
<b>At March 31, 2018</b>	<b>-</b>	<b>9,62,50,000</b>	<b>2,33,01,144</b>
<b>Accumulated depreciation</b>			
At April 1, 2016	-	-	99,70,257
Amortisation expense	-	-	9,43,835
Disposals / adjustments	-	-	-
<b>At March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>1,09,14,092</b>
<b>At April 1, 2017</b>	<b>-</b>	<b>-</b>	<b>1,09,14,092</b>
Amortisation expense	-	-	8,86,281
Disposals / adjustments	-	-	-
<b>At March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>1,18,00,373</b>
<b>Net block March 31, 2018</b>	<b>-</b>	<b>9,62,50,000</b>	<b>1,15,00,771</b>
<b>Net block March 31, 2017</b>	<b>1,02,14,409</b>	<b>9,62,50,000</b>	<b>9,98,309</b>
<b>Net block April 01, 2016</b>	<b>72,13,906</b>	<b>9,62,50,000</b>	<b>19,42,154</b>



## Non-current assets

### Financial asset

#### Note No 7. Investments

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
1) Investment in equity instruments (unquoted) Wholly owned subsidiaries (At Cost)			
8,323,765 (March 31, 2018: 8,323,765 and April 1, 2017: 8,323,765) fully paid equity shares in Kellton Dbydx Software Pvt Ltd	4,05,79,293	4,05,79,293	4,05,79,293
546,267 (March 31, 2018: 546,267 and April 1, 2016: 546,000) fully paid equity shares in Kellton Tech Inc	14,40,05,270	14,40,05,270	9,03,32,500
2,380(March 31,2018:2380, March 31, 2017: 1,877 and April 1, 2017: 1,274) fully paid equity shares in Kellton Tech Solution Inc	51,68,02,359	40,95,17,107	27,61,13,816
(March 31, 2017: 0 and April 1, 2016: 0) fully paid equity shares in Kellton Tech Limited	-	-	-
<b>Total</b>	<b>70,13,86,922</b>	<b>59,41,01,669</b>	<b>40,70,25,609</b>
<b>Aggregate value of unquoted investments</b>	<b>70,13,86,922</b>	<b>59,41,01,669</b>	<b>40,70,25,609</b>

#### Note No 8. Non Current- Loans

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Security deposits			
Unsecured considered good	1,25,30,178	1,13,91,071	19,42,655
<b>Total</b>	<b>1,25,30,178</b>	<b>1,13,91,071</b>	<b>19,42,655</b>

#### Note No 9. Deferred tax assets (net)

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Deferred tax liabilities			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	35,08,029	77,59,992	66,50,656
<b>Total Deferred tax liabilities</b>	<b>35,08,029</b>	<b>77,59,992</b>	<b>66,50,656</b>
<b>Deferred tax assets</b>			
<b>Provision for doubtful debts</b>	5,52,006	-	-
<b>Provision for gratuity and leave encashment</b>	10,85,604	24,96,524	5,66,156
<b>Mat credit</b>	39,90,550	2,16,36,689	2,83,63,534
<b>Others</b>	-	22,27,264	-
<b>Total Deferred tax assets</b>	<b>56,28,160</b>	<b>2,63,60,477</b>	<b>2,89,29,690</b>
<b>Deferred tax assets after set off</b>	<b>21,20,131</b>	<b>1,86,00,484</b>	<b>2,22,79,034</b>



## Note No 10. Other non-current assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Security Deposit	5,34,122	42,34,892	6,42,344
Prepaid expenses	1,49,79,517	39,64,845	0
Others (Mis Exps Un-adjusted)	1,28,558	4,11,030	6,93,502
Other non current assets*	27,47,11,117	34,85,38,636	13,46,49,900
<b>Total</b>	<b>29,03,53,314</b>	<b>35,71,49,403</b>	<b>13,59,85,746</b>

\*(ESOPS and guarantee given on behalf of subsidiary companies)

## Note No 11. Trade receivables

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
<i>(Unsecured )</i>			
Considered good	49,23,99,140	22,34,77,729	17,89,73,785
Considered doubtful	-	-	-
Less: Allowance for doubtful debts	17,86,428	-	-
<b>Total</b>	<b>49,06,12,712</b>	<b>22,34,77,729</b>	<b>17,89,73,785</b>

## Note No 12. Cash and cash equivalents

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Cash on hand	83,815	2,81,414	33,786
Balances with banks in current accounts	2,97,52,407	3,26,95,352	1,00,11,647
Balances with banks held as fixed deposits	4,82,19,940	3,78,14,486	1,18,55,420
Cash and cash equivalents as per balance sheet	7,80,56,162	7,07,91,253	2,19,00,853
<b>Book overdrafts used for cash management purposes</b>			<b>(5,38,004)</b>
<b>Cash and cash equivalents as per statement of cash flow</b>	<b>7,80,56,162</b>	<b>7,07,91,253</b>	<b>2,13,62,849</b>

## Note No 13. Current financial assets : Loans

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Security Deposit			
Unsecured, considered good	1,57,000	47,83,796	83,72,828
Loan to subsidiaries	-	91,79,582	1,01,64,491
<b>Total</b>	<b>1,57,000</b>	<b>1,39,63,378</b>	<b>1,85,37,319</b>



## Note No 14. Other current financial assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Advances to employees	58,01,002	16,08,843	18,09,783
Less: Provision for doubtful advances to employees	-	-	-
Net Advances (considered good and recoverable)	58,01,002	16,08,843	18,09,783
Accrued Revenue	4,37,38,700	2,00,69,116	3,71,94,585
<b>Other Advances</b>	<b>53,79,310</b>	<b>1,03,47,830</b>	<b>56,63,758</b>
	<b>5,49,19,012</b>	<b>3,20,25,789</b>	<b>4,46,68,126</b>

## Note No 15. Other current assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Prepaid expenses	78,95,407	1,39,97,460	1,52,94,165
Deposits	25,57,401	1,27,50,237	1,11,16,674
VAT input	29,47,749	28,95,720	30,31,781
Others	6,44,72,078	6,38,95,784	7,14,83,018
<b>Total</b>	<b>7,78,72,635</b>	<b>9,35,39,202</b>	<b>10,09,25,638</b>

## Note No 16. Equity share capital

a)

Particulars	As at March 31'2018	As at March 31'2017	As at April 1' 2016
Authorised			
12,00,00,000 (March 31, 2017: 6,20,00,000 and April 1, 2016: 6,20,00,000) equity shares of Rs 5/- each	60,00,00,000	31,00,00,000	31,00,00,000
<b>Issued, subscribed and paid-up capital</b>			
9,63,82,468 (March 31, 2017: 47,144,573 and April 1, 2016: 46,826,260 ) equity shares of Rs 5/- each fully paid	48,19,12,340	23,57,22,865	23,41,31,300
	<b>48,19,12,340</b>	<b>23,57,22,865</b>	<b>23,41,31,300</b>

\*The Company increased its authorized share capital from 31,00,00,000 divided into 6,20,00,000 shares of ` 5 each to 60,00,00,000 divided into 12,00,00,000 shares of ` 5 each pursuant to the shareholders' resolution passed through Postal Ballot concluded on 19.03.2018

b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:



Particulars	As at March 31'2018		As at March 31'2017		As at April 1' 2016	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Number of shares outstanding at the beginning of the period	4,71,44,573	23,57,22,865	4,68,26,260	23,41,31,300	4,34,81,599	21,74,07,995
Add: Shares issued						
Add: Shares issued on preferential allotment	-	-			30,00,000	1,50,00,000
Add: Shares issued on exercise of employee stock options	10,46,661	52,33,305	3,18,313	15,91,565	3,44,661	17,23,305
Add: Bonus shares issued *	4,81,91,234	24,09,56,170				
Number of shares outstanding at the end of the period	9,63,82,468	48,19,12,340	4,71,44,573	23,57,22,865	4,68,26,260	23,41,31,300

\*Equity shares allotted on March 31st, 2018 as fully paid bonus shares by capitalization of securities premium

### (c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs 5 each. Each holder of the equity share, as reflected in the records of the Company as on the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.



## d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31'2018		As at March 31'2017		As at March 31'2016	
	No of shares	% Holding	No of shares	% Holding	No of shares	% Holding
1.Matnic Finvest LLP	43171900	44.79	21585950	45.79	21585950	46.1
2.Kellton Wealth Management LLP	12800000	13.28	6400000	13.58	6400000	13.58

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members

e) In the period of five years immediately preceding March 31, 2018:

i) The Company has allotted 4,81,91,234 fully paid up equity shares during the quarter ended March 31, 2018, pursuant to 1:1 bonus share issue approved by shareholders passed through Postal Ballot concluded on 19.03.2018

ii) The Company has not bought back any equity shares.

iii) The Company has not allotted any equity shares as fully paid up without payment being received in cash

## Note No 17. Other equity

Other equity	As at March 31'2018	As at March 31'2017	As at April 1' 2016
<b>a) Capital reserve</b>			
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	5,67,350	5,67,350	5,67,350
<b>b) Security premium</b>			
Amounts received on (issue of shares) in excess of the par value has been classified as securities premium. It is utilised for bonus issue.	13,07,79,404	34,51,59,428	33,57,13,938
<b>c) General reserve</b>			
This represents appropriation of profit by the Company.	1,35,51,494	1,35,51,494	1,35,51,494
<b>d) Retained earnings</b>			
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	38,87,31,867	28,82,84,052	20,85,27,889
<b>e) Share option outstanding account</b>			
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees in case of forfeiture corresponding balance is transferred to general reserve.	1,66,17,478	1,26,19,124	-
<b>f) Share application money pending allotment</b>	-	-	3,33,300
<b>Total</b>	<b>55,02,47,593</b>	<b>66,01,81,448</b>	<b>55,86,93,971</b>





## Non- current liabilities Financial liabilities

### Note 18. Borrowings

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
<b>(Long Term and Secured)</b>			
Vehicle Loans			
a) HDFC Bank Ltd	94,457	3,05,050	4,94,736
b) Axis Bank Ltd	70,475	3,17,408	-
Loan - Indusind Bank	2,16,33,421	1,93,25,004	-
<b>Total</b>	<b>2,17,98,353</b>	<b>1,99,47,461</b>	<b>4,94,736</b>

\*Secured long term borrowings represent the amounts received from Banks as summarised below

Lender	Rate of Interest	Security	Terms of repayment	Amount Overdue
HDFC Bank	10.12%	Vehicle	Repayable in 60 equated instalments out of which 43 are paid	Nil
Axis Bank	9.85%	Vehicle	Repayable in 36 equated instalments out of which 22 are paid	Nil
Indusind Bank	Base + 1.90%	Pari Passu charge with Axis bank	Multi years	Nil

### Note 19. Other financial liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Other	26,80,06,000	34,23,55,200	13,46,49,900
<b>Total</b>	<b>26,80,06,000</b>	<b>34,23,55,200</b>	<b>13,46,49,900</b>

\* Kellton Tech has given corporate guarantee to on behalf of Kellton Tech Inc.

### Note 20. Provisions : Other Long Term Provisions

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Provision for employee benefits			
Gratuity	1,32,57,511	1,01,20,054	26,84,984
<b>Total</b>	<b>1,32,57,511</b>	<b>1,01,20,054</b>	<b>26,84,984</b>



## Current liabilities

Financial liabilities

### Note 21. Borrowings

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
<b>(Short Term and Secured)</b>			
Term Loans : Vehicle			
Working Capital Loan : Axis Bank Limited	286,613,200	198,113,768	80,576,996
Term loan -Axis bank Limited	-	-	2,530,988
Vehicle Loan	-	1,087,067	3,327,105
<b>Total</b>	<b>286,613,200</b>	<b>199,200,835</b>	<b>86,435,089</b>

Note :

\*Secured short term borrowings represent the amounts received from Banks as summarised below

Lender	Nature of facility	Sanction amount	Rate of interest	Security	Amount Overdue
Axis Bank	Cash Credit	150,000,000	3 Months MCLR+1.85%	(a) Pari Passu charge on current assets, present and future along-with Indusind bank . (b) Hypothecation on properties owned by promoters. (c ) Pledge of 12 lacs shares held by Matnic Finvest LLP. (d) Personal Gurantee and comfort letter from Promoters .	Nil
	FCDL	100,000,000	6 months Libor+2.95%		
	Adhoc Overdraft (for Mauritius project)	120,000,000	3 Months MCLR+1.85%		



## Note No 22. Trade Payables

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Trade Payables for goods and services	167,124,200	30,924,593	19,281,237
<b>Total</b>	<b>167,124,200</b>	<b>30,924,593</b>	<b>19,281,237</b>

\* 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)

## Note No 23. Other current financial liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Current maturities of long-term debt*	457,526	434,912	170,857
Interest accrued but not due on borrowings*	3,412	11,441	25,743
<b>Total</b>	<b>460,938</b>	<b>446,353</b>	<b>196,600</b>

### Note:

\* The details of interest rates, repayment and other terms are disclosed under note 18

## Note No 24. Other current liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Unearned income			
Statutory dues payable	62,846,045	68,854,057	40,431,376
Advances received from customers	375,000	7,262,500	21,789,808
Others	580,693	1,096,392	519,421
Advances from Subsidiary	11,827,618	-	-
<b>Total other current liabilities</b>	<b>75,629,356</b>	<b>77,212,949</b>	<b>62,740,605</b>

## Note No 25 . Provisions : Other Short Term Provisions

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Provisions for employees benefits	31,727,563	29,943,848	22,400,061
Audit fee payable	150,000	100,000	100,000
<b>Total</b>	<b>31,877,563</b>	<b>30,043,848</b>	<b>22,500,061</b>



## Note No 26. Revenue from operations

For the year ended

Particulars	March 31,2018	March 31,2017
Revenue from operations (net)		
Software Services	745,348,229	736,907,796
Hardware Services	460,166,564	16,394,641
Maintenance Services	19,923,971	11,666,963
<b>Total</b>	<b>1,225,438,764</b>	<b>764,969,400</b>

## Note No 27. Other income

For the year ended

Particulars	March 31,2018	March 31,2017
Foreign exchange gain/ (loss)	20,394,859	20,403,363
Interest income on financial as- sets at amortised cost	1,139,108	-
Interest received	3,020,092	1,030,739
Miscellaneous write offs	153,178	526,302
Miscellaneous Income	45,029	-
Profit on sale of assets	-	16,653
<b>Total</b>	<b>24,752,266</b>	<b>21,977,058</b>

## Note No 28. Cost of Material Consumed

For the year ended

Particulars	March 31,2018	March 31,2017
Purchase of Stock in trade	351,835,962	987,286
Changes in inventories of fin- ished goods	(290,113)	9,295,637
<b>Total</b>	<b>351,545,849</b>	<b>10,282,922</b>

## Note No 29. Employee benefits expense

For the year ended

Particulars	March 31,2018	March 31,2017
Salaries and wages	439,796,784	414,380,975
Gratuity Expenses*	6,608,163	8,321,745
Contribution to provident and other funds	13,433,470	13,044,736
Employee stock compensation expenses	2,582,073	6,435,690
Staff welfare expenses	18,808,701	17,974,757
<b>Total</b>	<b>481,229,191</b>	<b>460,157,903</b>

\* Refer note 34



## Note No 30. Finance costs

For the year ended

Particulars	March 31,2018	March 31,2017
Interest expense	26,031,340	17,236,741
Exchange differences to the extent considered as an adjustment to borrowing costs	56,683	18,493
Other borrowing cost	12,738,959	2,892,530
<b>Total</b>	<b>38,826,982</b>	<b>20,147,764</b>

## Note No 31. Depreciation and amortization expense

For the year ended

Particulars	March 31,2018	March 31,2017
On property, plant and equipment	20,527,720	17,067,057
On other intangible assets	886,281	943,844
Amortization of miscellaneous expenses	282,472	282,472
<b>Total</b>	<b>21,696,473</b>	<b>18,293,373</b>

## Note No 32. Other expenses

Particulars	March 31,2018	March 31,2017
Professional Fee	40,467,498	21,676,198
Rent	48,574,973	33,114,692
Travelling and Conveyance	17,850,001	18,321,631
Internet and webhosting	13,231,117	13,313,986
Repairs and maintenance	28,587,010	15,240,343
Sales and Marketing	3,205,669	6,774,810
Rates and taxes	3,437,775	650,823
CSR Contributions	1,578,599	1,353,800
Subscription fees and licences renewal cost	3,349,441	3,157,472
Loss on Sale of Asset	23,586	-
Exchange fluctuations Loss	21,710,673	24,133,372
Provision for doubtful debts	1,786,428	-
Bad Debts	4,153,023	-
Other Miscellaneous expenses	28,067,465	19,462,282
Auditor Remuneration		
a) Statutory Audit fee	125,000	50,000
b) Taxation	50,000	25,000
c) Certification charges	25,000	25,000
<b>Total</b>	<b>216,223,258</b>	<b>157,299,409</b>



## Note No 33. Earnings per Share

Particulars	31-Mar-2018	31-Mar-2017
Numerator for EPS		
Net Profit after tax (A)	100,447,816	79,756,163
Weighted Average no. of Shares considered for Denominator for Basic EPS(B)*	9,63,82,468	9,52,10,509
Weighted Average no. of Shares considered for Denominator for Diluted EPS (after effect of dilutive issues of stock options )(C)*	9,66,38,021	9,54,68,341
Basic and diluted Earnings Per Share (A)/(B)	1.04	0.84
Diluted Earnings Per Share (A)/(C)	1.04	0.84

\* The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

## Note No 34. a) Gratuity

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an Independent actuary, at each balance sheet date using the projected unit credit method. The discount rate assumed is 7.42% (31-March-2018-7.42% and 31-March-2017 - 7.77% ). The retirement age has been considered at 58 years

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the Balance Sheet for the respective plans.

Particulars	For the period ending	
	31-Mar-17	31-Mar-18
<b>Present Value of Obligation as at beginning</b>	<b>63,95,187</b>	<b>1,03,52,650</b>
Current Service Cost	34,05,396	53,21,105
Interest Expense or Cost	5,07,778	7,68,167
- change in financial assumptions	44,289	(28,90,832)
<b>Present Value of Obligation as at the end</b>	<b>1,03,52,650</b>	<b>1,35,51,090</b>

## Bifurcation of Net Liability

Particulars	As on	
	31-Mar-17	31-Mar-18
Current Liability (Short term)	2,32,536	2,93,579
Non-Current Liability (Long term)	1,01,20,114	1,32,57,511
<b>Total Liability</b>	<b>1,03,52,650</b>	<b>1,35,51,090</b>

## b) Leave Encashment:-

Since leave encashment claims are settled on year to year basis, no actuarial valuation needs to be obtained.



## Note No 35. Financial risk management-

The Company has exposure to the following risks arising from the financial instruments

Market Risk  
Liquidity Risk  
Credit Risk

### i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

### ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### a) Foreign currency risk

The Company has export revenue and is exposed to foreign currency rate risk through operating activities. The foreign currency risks from financial instruments is as follows:

As at 31-March 2018	USD	GBP	EURO
Trade Receivable	3,536,508	108,485	1,922
Cash and Cash equivalent			
Investments-(In WOS)	10,119,300		
<b>Total</b>	<b>3,536,508</b>	<b>108,485</b>	<b>1,922</b>
Financial liabilities	1,505,459		
Financial Guarantee	4,120,000		
Trade payable	-	-	-

As at 31-March 2017	USD	GBP	EURO
Trade Receivable	16,56,622	83,760	
Cash and Cash equivalent	-	-	
<b>Investments-(In WOS)</b>	<b>84,58,400</b>		
<b>Total</b>	<b>16,56,622</b>	<b>83,760</b>	
Financial liabilities	1,504,005		
Financial Guarantee	52,80,000		
Trade payable	-	-	

### b) Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.



The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening balance sheet

## (c) Credit Risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management

Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with the assessment and outstanding customer receivables are regularly monitored.

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provisioning policy approved by the Board of Directors to compute the expected credit loss allowance for trade receivables. The policy takes into account available external and internal credit risk factors and the Company's historical experience for customers.

## Note No 36 .Operating Leases

The company has entered into cancellable and non cancellable operating lease agreements for leasing office space. The lease agreement provides for cancellation by either party with a notice period, it also contains a clause for renewal of lease agreements either at the option of group or as mutually agreed by both the parties.

### Operating leases as lessee

	31-Mar 2018	31-Mar 2017
Not Later than one year	49,144,715	4,55,09,325
Later than one year but not later than five years	92,516,832	1,37,71,487
Later than five years	Nil	Nil

## Note No 37. Related Party Disclosures

### I) RELATED PARTIES WHERE CONTROL EXISTS

Names of the parties	Description of relationship
Kellton Tech Inc	Wholly owned Subsidiary
Kellton Dbydx Software Private Limited	Wholly owned Subsidiary
Kellton Tech Solutions Inc	Wholly owned Subsidiary
Kellton Tech Limited (Ireland)	Wholly owned Subsidiary
Evantage Solutions Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Inc)
Supremesoft Global Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Inc)





Vivos Professional LLC	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Inc)
Prosoft Technology Group Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Solutions Inc)
Intelligencepeople Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Solutions Inc)
Cyberworld Solutions Inc	Step Down Subsidiary (Wholly owned Subsidiary of Prosoft Technology Group Inc)
Kellton Tech (UK) Limited	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Limited)
Lenmar Consulting ,Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Solutions Inc)
SID Computer Group, Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Solutions Inc)
Talent Partners, Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Solutions Inc)
Planetpro Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Inc)
Planetpro Canada Inc	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Limited)
Planetpro Asia Pte Limited	Step Down Subsidiary (Wholly owned Subsidiary of Kellton Tech Limited)

## II) KEY MANAGERIAL PERSONNEL

- a) Mr. Niranjan Chintam – Director and CFO
- b) Mr. Krishna Chintam - Managing Director
- c) Mr. Karanjit Singh- CEO and Executive Director
- d) Ms. Pawni Bhawe-Company Secretary

## III) RELATIVE OF KEY MANAGERIAL PERSONNEL

Sreevidya Chintam- Wife of Chairman

## IV) RELATED PARTY TRANSACTIONS DURING THE YEAR

Nature of transactions	Name of Entity	31-March-2018	31-March-2017
<b>Sale of Services</b>	<b>Subsidiaries</b>		
	Prosoft Technology Group Inc	12,84,67,108	12,15,54,020
	Kellton Tech Limited	2,72,76,866	4,60,59,298
	Lenmar Consulting Inc	70,13,103	Nil



Rent paid for office building	Relative of Key Managerial personnel		
	Sreevidya Chintam & Niranjana Chintam	1,57,50,000	1,50,00,000
Loan to Subsidiaries	Kellton Dbydx Software Private Limited		9,84,909

## V) REMUNERATION OF KEY MANAGERIAL PERSONNEL:

Particulars of Remuneration	For the year ended	
	31-March-2018	31-Mach-2017
Short Term employee benefits	1,18,43,986	1,14,71,172
Share-based payment transactions	21,87,322	3,36,007
<b>Total compensation paid to key managerial personnel</b>	<b>1,40,31,308</b>	<b>1,18,07,179</b>

\* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

## VI) OUTSTANDING BALANCES

		31-March-2018	31-March-2018
Trade Receivable	Prosoft Technology Group Inc	6,84,92,641	98,17,342
	Kellton Tech Limited	1,54,956	(47,37,895)
	Lenmar Consulting Inc	70,64,495	
Equity Investment in Subsidiaries			
	Kellton Dbydx Software Private Limited	4,05,79,293	4,05,79,293
	Kellton Tech Inc	14,40,05,270	14,40,05,270
	Kellton Tech Solutions Inc	51,68,02,359	40,95,17,107
Loan to subsidiaries	Kellton Dbydx Software Private Limited		91,79,582
Loan from Subsidiaries	Kellton Dbydx Software Private Limited	1,18,27,618	

## Note No 38. Employee stock option plan (ESOPS)

The company instituted Kellton Tech Solutions employee stock option, which was approved by shareholders at 19th AGM i.e 27-Dec-2013.

The options granted under the ESOP scheme of the Company shall vest only if till the employee serves the Company. Company has made 9 grants under this scheme before the amendment of 27-Sep-2017 having grant price ranging from Rs 10 to Rs 161.50. No new options have been granted after the amendment of 27-Sep-2017.

Details of the grant/issue are given below



Particulars	Year Ended	Year Ended
	31-Mar-18	31-Mar-17
	No of option	No of option
Options outstanding at the beginning of the year	18,11,359	20,26,672
Granted during the year	0	1,53,000
Vested during the year	6,46,495	8,30,140
Exercised during the year	10,46,661	3,18,313
Lapsed or Forfeited during the year	2,73,336	50,000
Options outstanding at the end of the year	4,91,362	18,11,359
Options vested and exercisable at the end of the year	80,667	6,21,328

### Note No 39. Segment Reporting

On standalone basis segmental revenue is 99% from Digital transformation services 1% from others.

### Note No 40. Contingent liabilities

Contingent liabilities as at 31-March-2018 is 8330000 (previous year-417916143).

The company is in arbitration in commercial matters that arise from time to time in the ordinary course of business. The Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements.

**Note No 41.** In the opinion of the management the sum of Rs 6,38,95,787 overdue for more than three year is good and recoverable since the said entity is also having due of sum of Rs 5,20,32,000 (USD 800000) in Kellton Tech Inc, subsidiary company. The balance due of Rs. 1,18,63,787 is expected to be realized shortly.

### Note No 42. Corporate social responsibility

The Company has incurred an expenditure of 15.79 Lacs during the financial year 2017-18 (Previous year 13.60 lacs) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013

### Note No 43. Transition to Ind AS

Financial statements for the year ended March 31, 2018 have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for year ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind- AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017



**Note No 44.** In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

**a) Exceptions from full retrospective application:**

Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

**b) Exemptions from retrospective application:**

Share-based payment exemption: The Company has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", to equity instruments that vested before the date of transition to Ind AS.

**c) Reconciliations:**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2016
- equity as at March 31, 2017;
- Profit for year ended March 31, 2017
- There is no material adjustment to the cash flow statement.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

**a) Equity Reconciliation**

	March-17			April-16		
	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	83,980,527		83,980,527	57,311,890		57,311,890
Capital work in progress	10,214,409		10,214,409	7,213,906		7,213,906
Goodwill	96,250,000		96,250,000	96,250,000		96,250,000
Other intangible assets	998,309		998,309	1,942,154		1,942,154
<b>Financial assets</b>						
Investments	594,101,669		594,101,669	407,025,609		407,025,609
Loans	20,504,327	(9,113,257)	11,391,071	10,957,827	9,015,172	1,942,655
Deferred tax assets (net)	16,373,220	2,227,263	18,600,483	22,279,034		22,279,034
Other non-current assets	4,375,875	352,773,528	357,149,403	693,502	135,292,244	135,985,746
	<b>826,798,337</b>		<b>1,172,685,872</b>	<b>603,673,922</b>	<b>144,307,416</b>	<b>729,950,994</b>



<b>Current assets</b>						
Inventories	23,919,908		23,919,908	33,215,545		33,215,545
Trade receivables	223,477,729		223,477,729	178,973,785		178,973,785
Cash and cash equivalents	70,791,253		70,791,253	21,362,849		21,362,849
Loans	9,179,582	4,783,796	13,963,378	18,537,319		18,537,319
Other financial assets	32,025,789		32,025,789	36,295,298	8,372,828	44,668,126
Other current assets	93,539,202		93,539,202	100,925,638		100,925,638
	452,933,462	4,783,796	457,717,258	389,310,434		397,683,262
<b>TOTAL ASSETS</b>	<b>1,279,731,799</b>		<b>1,630,403,130</b>	<b>992,984,356</b>		<b>1,127,634,256</b>
<b>EQUITY AND LIABILITIES</b>						
Equity						
Equity share capital	235,722,865	-	235,722,865	234,131,300		234,131,300
Other equity	651,865,318	8,316,131	660,181,448	558,693,971		558,693,971
	887,588,183		895,904,313	792,825,271		792,825,271
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Financial liabilities						
Borrowings	19,947,461		19,947,461	494,736		494,736
Other financial liabilities		342,355,200	342,355,200			
Provisions	10,120,054		10,120,054	2,684,984		2,684,984
Other non-current liabilities					134,649,900	134,649,900
	<b>30,067,515</b>		<b>372,422,715</b>	<b>3,179,720</b>		<b>137,829,620</b>
<b>Current liabilities</b>						
Financial liabilities						-
Borrowings	199,200,835		199,200,835	86,435,089		86,435,089
Trade payables	30,924,593		30,924,593	19,281,237		19,281,237
Other financial liabilities	446,353		446,353	196,600		196,600
Other current liabilities	77,212,949		77,212,949	62,740,605		62,740,605
Provisions	30,043,848		30,043,848	22,500,061		22,500,061



Current tax liabilities (Net)	24,247,523		24,247,523	5,825,773		5,825,773
	362,076,101		362,076,101	196,979,365		196,979,365
	392,143,616		734,498,816	200,159,085		334,808,985
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,279,731,799</b>		<b>1,630,403,130</b>	<b>992,984,356</b>		<b>1,127,634,256</b>

## b) Profit Reconciliation

Particulars	Year ended 31-March-2017			
	As per Indian GAAP	Effect of IND AS transition	Reclassification	Ind AS
<b>Income</b>				
Revenue from operations	764,969,400			764,969,400
Other Income	1,573,695		20,403,363	21,977,058
<b>Total Revenue</b>	<b>766,543,095</b>			<b>786,946,458</b>
<b>Expenses:</b>				
Cost of materials consumed	10,282,922			10,282,922
Employee benefit expense	453,722,213	6,435,690		460,157,903
Financial costs	20,129,271	18,493		20,147,764
Depreciation and Amortization expense	18,293,373			18,293,373
Other expenses	136,819,969	113,062	20,366,378	157,299,409
<b>Total Expenses</b>	<b>639,247,749</b>			<b>666,181,372</b>
<b>Profit / Loss before taxes</b>	<b>127,295,345</b>			<b>120,765,086</b>
Tax expense:				
Current tax	43,461,645			43,461,645
Deferred tax	-821,031	-2,227,263		-3,048,294
Taxes Prior Period	595,573			595,573
Profit / Loss for the period	84,059,158			79,756,163

## c) Notes of IND AS

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease.

Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity.

Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant and the Employee stock compensation expenses related to employees of subsidiaries are recognized in the books of respective subsidiary companies.



Accordingly, under Ind AS 37, corporate guarantees under financial guarantee contracts given by parent company on behalf of subsidiary needs to be recognize liability as contra under other non-current assets and other non-current liability. Changes in position shall also be recognized every year till the guarantee are extinguishes.

**Note No 45.** Previous year's figures have been regrouped where necessary to conform to current year's classification.

Signatories to schedules 1 to 45  
For and on behalf of Board of Directors

Vide our report of even date  
For **Sastri & Shah**  
Chartered Accountants  
Firm Registration Number – 003642S

**Sd/-**  
**Krishna Chintam**  
Managing Director

**Sd/-**  
**Niranjan Chintam**  
Director & CFO

**Sd/-**  
**C. Pavan Kumar**  
Managing Partner  
Membership No - 205896

**Sd/-**  
**Pawni Bhave**  
Company Secretary  
Membership No . 48587

**Place :** Hyderabad  
**Date :** 30/05/2018



### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLTON TECH SOLUTIONS LIMITED

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Kellton Tech Solutions Limited (hereinafter referred to as 'the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true





and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Other Matters**

We did not audit the financial statements / financial information of 2 subsidiaries, for the year ended on that date, as considered in the consolidated financial statements. As disclosed in Note No.44 forming part of accounts, these financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

We did not audit the financial statements / financial information of 1 subsidiary, for the year ended on that date, as considered in the consolidated financial statements. As disclosed in Note No.44 forming part of accounts, these financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information given to us by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and its consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

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

As required by Section 143(3) of the Act, based on our audit, we report that:

**(a)** We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

**(b)** In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

**(c)** The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other



Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

**(d)** In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

**(e)** On the basis of the written representations received from the Directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

**(f)** With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' which is based on the auditor's reports of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.

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

- i.** The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii.** Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
- iii.** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

**Sd/-**

**C. Pavan Kumar**

Managing Partner

M No. 205896

**Place :** Hyderabad

**Date :** 30 May 2018



(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kellton Tech Solutions Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Kellton Tech Solutions Limited (hereinafter referred to as 'the Company') and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary company, which are companies incorporated in India.



## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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

For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

Sd/-

**C. Pavan Kumar**

Managing Partner

M No. 205896

**Place :** Hyderabad

**Date :** 30 May 2018



## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(Amount in Rs)

	NOTE	As at March 31 '2018	As at March 31 '2017	As at April 1 '2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	8,09,22,752	8,90,02,086	6,93,98,750
Capital work in progress		-	1,02,14,409	72,13,906
Goodwill	6	2,11,24,13,240	2,09,23,83,873	1,67,77,02,373
Other intangible assets		8,23,92,373	3,74,16,184	2,57,63,147
<b>Financial assets</b>				
Loans	7	1,25,30,178	1,13,91,071	19,42,656
Deferred tax assets (net)		-	1,13,82,520	1,41,37,759
Other non-current assets	8	11,41,56,103	57,15,072	1,41,68,197
		<b>2,40,24,14,646</b>	<b>2,25,75,05,214</b>	<b>1,81,03,26,789</b>
<b>Current assets</b>				
Inventories		2,42,10,021	2,39,19,908	3,32,15,545
<b>Financial assets</b>				
Trade receivables	9	1,87,31,42,414	1,46,77,25,959	1,22,29,34,036
Cash and cash equivalents	10	20,55,17,564	16,13,08,099	7,82,98,216
Loans	11	38,01,273	13,09,469	6,42,344
Other financial assets	12	80,71,27,209	48,96,19,982	32,41,18,448
Other current assets	13	49,22,72,381	11,48,89,592	17,53,62,107
		<b>3,40,60,70,863</b>	<b>2,25,87,73,009</b>	<b>1,83,45,70,696</b>
<b>TOTAL ASSETS</b>		<b>5,80,84,85,509</b>	<b>4,51,62,78,223</b>	<b>3,64,48,97,484</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	14	48,19,12,340	23,57,22,865	23,41,31,300
Other equity	15	2,11,95,14,065	1,53,81,19,769	1,02,34,11,513
		<b>2,60,14,26,405</b>	<b>1,77,38,42,634</b>	<b>1,25,75,42,813</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	16	31,99,06,276	43,78,13,090	32,14,69,486
Other financial liabilities	17	61,28,98,210	65,29,82,455	66,66,48,001
Provisions	18	1,32,57,511	1,16,54,528	42,02,832
Deferred tax liabilities (Net)	19	1,99,37,280	-	-
		<b>96,59,99,277</b>	<b>1,10,24,50,073</b>	<b>99,23,20,319</b>



<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	20	66,99,26,205	53,81,88,807	42,80,12,740
Trade payables	21	46,91,64,246	20,51,76,317	17,60,92,909
Other financial liabilities	22	14,97,75,870	22,26,69,038	11,74,87,800
Other current liabilities	23	19,06,41,983	9,18,73,055	8,84,63,854
Provisions	24	48,22,73,840	44,42,94,314	54,22,63,946
Current tax liabilities (Net)		27,92,77,683	13,77,83,984	4,27,13,104
		<b>2,24,10,59,826</b>	<b>1,63,99,85,516</b>	<b>1,39,50,34,353</b>
		<b>3,20,70,59,104</b>	<b>2,74,24,35,589</b>	<b>2,38,73,54,671</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,80,84,85,509</b>	<b>4,51,62,78,223</b>	<b>3,64,48,97,484</b>

For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director

**Sd/-**

**C. Pavan Kumar**

Managing Partner

M No. 205896

**Sd/-**

**Pawni Bhawe**

Company Secretary

M No. 48587

**Place :** Hyderabad

**Date :** 30 May 2018



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018 (Amount in Rs)

	Note	For the year ended	
		31-March-18	31-March-17
Revenue from operations	25	7,83,47,99,953	6,14,76,98,590
Other income	26	2,74,43,022	3,72,24,475
<b>Total income</b>		<b>7,86,22,42,975</b>	<b>6,18,49,23,065</b>
<b>Expenses</b>			
Cost of materials consumed	27	35,15,45,849	1,02,82,922
Employee benefits expense	28	3,49,66,38,626	3,03,65,71,871
Finance costs	29	16,28,44,282	10,28,85,854
Depreciation and amortization expense	30	5,37,19,190	4,22,75,703
Other expenses	31	2,80,28,49,370	2,28,10,78,930
<b>Total expenses</b>		<b>6,86,75,97,318</b>	<b>5,47,30,95,281</b>
<b>Profit / (Loss) before Exceptional items and tax</b>		<b>99,46,45,657</b>	<b>71,18,27,784</b>
Exceptional Items		-	-
<b>Profit / (Loss) before tax</b>		<b>99,46,45,657</b>	<b>71,18,27,784</b>
<b>Tax expense</b>			
Current tax		30,44,73,290	18,38,46,141
Tax/(credit) in respect to earlier years		(26,89,348)	11,23,815
Deferred tax		89,14,018	(37,67,326)
<b>Profit (Loss) for the period from continuing operations</b>		<b>68,39,47,697</b>	<b>53,06,25,154</b>
<b>Profit/(loss) for the period</b>		<b>68,39,47,697</b>	<b>53,06,25,154</b>
Other comprehensive income			
A) (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset) (net of tax)		(28,90,832)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) (i) Items that will be reclassified to profit or loss		10,00,459	
(ii) Income tax relating to items that will be reclassified to profit or loss		4,99,71,329	1,70,39,226
<b>Total other comprehensive income</b>		<b>4,80,80,956</b>	<b>1,70,39,226</b>
<b>Total comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>63,58,66,741</b>	<b>51,35,85,928</b>

# KELLTON TECH SOLUTIONS LIMITED



<b>Earnings per equity share (for continuing operation):</b>			
Basic	32	6.60	5.39
Diluted		6.58	5.38
<b>Earnings per equity share (for discontinued operation)</b>			
Basic		-	-
Diluted		-	-
<b>Earnings per equity share (for discontinued and continuing operations)</b>			
Basic		6.60	5.39
Diluted		6.58	5.38

See accompanying notes to the interim financial statements  
Summary of Significant Accounting policies 1

For **Sastri & Shah**

Firms' Registration Number: 003642S  
Chartered Accountants

Sd/-

**Niranjan Chintam**  
Director & CFO

Sd/-

**Krishna Chintam**  
Managing Director

Sd/-

**C. Pavan Kumar**  
Managing Partner  
M No. 205896

Sd/-

**Pawni Bhawe**  
Company Secretary  
M No. 48587

**Place :** Hyderabad  
**Date :** 30 May 2018





## CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended

	March 31'2018	March 31'2017
Cash flow from Operating Activities		
Profit for the Period	99,46,45,657	71,18,27,784
Adjustments for :		
Depreciation and amortization expense	5,37,19,190	4,22,75,703
Expense on employee stock based compensation	39,98,354	1,26,19,126
Allowance for doubtful debt	50,52,890	
Bad Debts	42,45,316	35,67,242
Finance costs	16,28,44,282	10,28,85,854
Miscellaneous expenses written back	(1,53,178)	(5,26,302)
Foreign currency translation	(4,80,80,956)	(1,95,85,363)
Profit on disposal of property, plant and equipment	-	(16,653)
Loss on disposal of property, plant and equipment	23,586	
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(32,85,96,163)	(24,83,59,166)
Other assets	(52,08,61,126)	(9,77,72,837)
Trade payables	28,22,64,779	2,96,09,710
Other liabilities	(4,71,42,580)	(2,38,67,962)
Provisions	4,86,66,919	
<b>Net cash provided by operating activities before taxes</b>	<b>61,06,26,971</b>	<b>51,26,57,136</b>
Income taxes paid	13,50,49,894	8,31,72,231
<b>Net cash provided by operating activities</b>	<b>47,55,77,077</b>	<b>42,94,84,905</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(8,01,42,751)	(3,42,56,876)
Interest income on financial assets at amortised cost	(4,80,80,956)	
Business Combination	(27,15,77,124)	(42,83,47,045)
<b>Net cash (used in) or provided by investing activities</b>	<b>(39,98,00,830)</b>	<b>(46,26,03,921)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	52,33,305	12,58,265
Change in securities premium	2,65,76,146	94,45,490
Finance costs paid	(16,28,44,282)	(10,28,85,854)
Change in loans and borrowings	8,68,48,924	22,65,19,672
Changes in Reserves	1,26,19,126	(1,82,08,672)
<b>Net cash used in financing activities</b>	<b>(3,15,66,781)</b>	<b>11,61,28,900</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,42,09,465</b>	<b>8,30,09,884</b>
Cash and cash equivalents at the beginning of the period	16,13,08,099	7,82,98,215
<b>Cash and cash equivalents at the end of the period</b>	<b>20,55,17,564</b>	<b>16,13,08,099</b>



For **Sastri & Shah**

Firms' Registration Number: 003642S

Chartered Accountants

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director

**Sd/-**

**C. Pavan Kumar**

Managing Partner

M No. 205896

**Place :** Hyderabad

**Date :** 30 May 2018

**Sd/-**

**Pawni Bhawe**

Company Secretary

M No. 48587



# KELLTON TECH SOLUTIONS LIMITED

## KELLTON TECH SOLUTIONS LIMITED

### Statement of changes in equity for the year ended March 31, 2018

<b>(a) Equity share capital</b>	<b>Amount</b>
<b>Balance at the April 1, 2016</b>	23,41,31,300
Add: Shares issued	15,91,565
Add: Shares issued on exercise of employee stock options.	<b>23,57,22,865</b>
<b>Balance at the March 31, 2017</b>	<b>23,57,22,865</b>
<b>Balance as at April 1, 2017</b>	52,33,305
Add: Shares issued on exercise of employee stock options.	24,09,56,170
Add: Bonus Shares issued	<b>48,19,12,340</b>
<b>Balance at the March 31, 2018</b>	<b>48,19,12,340</b>

Particulars	Reserves and Surplus (refer note 10)							Total
	Share ap- plication money pending al- lotment	Capital reserve	General reserve	Securities pre- mium reserve	Share op- tions out- standing account	Retained earn- ings	Other Com- prehensive Income	
<b>Balance as at April 1, 2016</b>	<b>3,33,300</b>	<b>5,67,350</b>	<b>1,17,97,477</b>	<b>33,57,13,938</b>	-	<b>67,39,75,823</b>	-	<b>1,02,23,87,888</b>
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the reporting period								-
Total Comprehensive Income for the period comprising of:								-
(i) Profit for the period						53,75,43,769		53,75,43,769
(ii) Other comprehensive income (net of taxes)						(1,95,85,363)		(1,95,85,363)



# KELLTON TECH SOLUTIONS LIMITED

Compensation cost related to employee share based payment				1,26,19,124	(1,26,19,126)	(1,70,39,226)	(1,70,39,228)
Other miscellaneous					57,00,511		57,00,511
Share issued			94,45,490				94,45,490
Share issued against share application money	(3,33,300)						(3,33,300)
<b>Balance as at March 31, 2017</b>	-	<b>5,67,350</b>	<b>1,17,97,477</b>	<b>1,26,19,124</b>	<b>1,18,50,15,614</b>	<b>(1,70,39,226)</b>	<b>1,53,81,19,767</b>
<b>Balance as at April 1, 2017</b>	-	<b>5,67,350</b>	<b>1,17,97,477</b>	<b>1,26,19,124</b>	<b>1,18,50,15,614</b>		<b>1,53,81,19,767</b>
Changes in accounting policy or prior period errors							
Restated balance at the beginning of the reporting period							
<i>Total Comprehensive Income for the year comprising of:</i>							-
(i) Profit for the period					68,39,97,697		68,39,97,697
(ii) Other comprehensive income (net of taxes)					(7,32,535)	(4,80,80,956)	(4,88,13,491)
(iii) Business combination-Disinvestment					(4,89,33,952)		(4,89,33,952)
(iv) Business combination-Acquisition		18,85,36,488					18,85,36,488
<i>Other Changes (Specified as under) :</i>							-
Issue of equity shares						(24,09,56,170)	(24,09,56,170)



Repayment of corporate guarantee										-
Compensation cost related to employee share based payment					39,98,354					39,98,354
Share issued against share application money						2,65,76,146				2,65,76,146
<b>Balance at the March 31, 2018</b>					<b>1,17,97,477</b>	<b>13,07,79,404</b>	<b>1,66,17,478</b>	<b>1,81,93,46,823</b>	<b>(4,80,80,956)</b>	<b>2,11,95,64,065</b>

For Sastri & Shah  
Firms' Registration Number: 003642S  
Chartered Accountants

**Sd/-**  
**Niranjan Chintam**  
Director & CFO

**Sd/-**  
**Krishna Chintam**  
Managing Director

**Sd/-**  
**C. Pavan Kumar**  
Managing Partner  
M No. 205896

**Place :** Hyderabad  
**Date :** 30 May 2018

**Sd/-**  
**Pawni Bhawe**  
Company Secretary  
M No. 48587



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS ACCOUNTING POLICIES FOR CONSOLIDATED STATEMENTS 31<sup>ST</sup>-MARCH 2018

### 1) Corporate Information

Kellton Tech Solutions Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is global company and offers services in digital transformation, ERP and other IT services.

### 2) Basis of preparation

a) 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 other than Share based payment transactions and Defined benefit and other long-term employee benefits.

b) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

### Statement of compliance

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

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

These are the Company's first Ind AS financial statements. The date of transition is April 1, 2016. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS .

### 3) Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2018 are prepared in accordance with generally accepted accounting principles applicable in India, and the Indian Accounting Standard 110 (Ind AS 110) on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2015, ("Indian Accounting Standards") by and to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together, the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.



The excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary on the date at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. The excess of the Company's portion of equity of the subsidiary over the cost of investment in the subsidiary is treated as capital reserve in the consolidated financial statements.

#### **4) Use of Estimates**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

##### **a) Revenue recognition**

The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made.

##### **b) Income tax**

The Company's tax jurisdictions are India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

##### **c) Other estimates**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

##### **d) Intangible assets and contingent consideration in business combinations**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.



## 5) Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

### b) Foreign currency transactions and balances

#### i) Initial Recognition

Foreign currency transactions are recorded at the rates prevailing date of transactions.

#### ii) Exchange Differences

Exchange differences arising on settlement of transaction and translation of monetary items are recognized as income or expense.

#### iii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### iv) Translational

Any exchange gain/loss consequent to translating financial statements from functional currency to presentation currency, the resultant exchange difference is recognized in OCI and part of foreign currency translation reserve until eventual disposal of investment.

### c) 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.

### d) Financial instruments

Company does not has any financial instruments

### e) Inventories

Inventories are valued at lower of the cost or net realizable value whichever is lower on weighted average basis.

### f) Property, plant and equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.





Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

## **g) Intangible Assets**

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.

Software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less accumulated amortization and impairment.

Gains or losses arising from disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

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. Key assumptions used by management to determine the fair value of the goodwill include industry earnings multiples and earnings multiples from previous company acquisitions

## **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.

## **h) 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.

Preliminary expenditure: To write off preliminary expenses in ten equal yearly installments.

## **i) 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 in statement of profit and loss.

## **j) Leases**

Assets acquired under finance leases are recognized at the lower of the fair value of the leased assets at inception or the present value of minimum lease payment. Lease Payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to period during the lease term at a constant periodic rate of interest on the remaining balance of the liability.



Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

## **k) Revenue Recognition**

**i)** Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

**ii)** In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.

**iii)** Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

**iv)** Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.

**v)** Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

## **l) Employee Benefits**

The Company has the following employee benefit plans:

### **i) Provident fund**

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

### **ii) Gratuity**

The Company has a scheme for payment of gratuity to all its employees as per provisions of the Payment of Gratuity Act 1972. The Company provides for period end liability using the projected unit credit method as per the actuarial valuation carried out by the Independent actuary. The cost of providing benefit under gratuity plan are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur.

### **iii) Leave encashment**

The company measures the expected cost of compensated absences as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non accumulating compensated absences are recognized in the period in which the absences occur.



## **m) Share based payments**

In accordance with Ind AS 102 – “Share Based Payments”, Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

## **n) Income Tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### **i) Current Income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### **ii) Deferred Income Tax**

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.



## **o) Segment reporting**

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

## **p) Earnings Per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

## **q) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## **r) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation

## **s) Cash and cash equivalents**

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original, which are subject to an insignificant risk of changes in value.

## **t) Cash flow statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **u) 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.



## v) Related parties Transactions

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

## w) Recent Accounting Pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind As 21. Foreign Currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from contract with customers, on March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's Contracts with customers.

The standard permits two possible methods of transition:

**Retrospective approach:** Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting policies, changes in accounting estimates and errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

**Cumulative catch-up approach:**

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending or ended on March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

## x) Financial Instruments

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss (ECL) model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.



## **y) Fair Value of financial instrument**

In determining the fair value of financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to short maturity of these instruments.



**KELLTON TECH SOLUTIONS LIMITED**  
**Significant accounting policies and notes to the accounts**  
**For the year ended March 31, 2018**

**Note No 5. Property, plant and equipment**

Particulars	Leasehold improve-ments	Plant and machinery	Office equipment	Computers	Electrical Instal-lations	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>								
<b>At April 1, 2016</b>	<b>54,33,102.00</b>	<b>16,29,903.00</b>	<b>7,21,07,003.00</b>	<b>5,09,92,680.00</b>	<b>1,07,72,502.00</b>	<b>2,10,84,081.00</b>	<b>2,36,69,533.00</b>	<b>18,56,88,804.00</b>
Additions	-	9,30,805.00	4,61,819.00	66,85,053.00	91,70,528.00	2,56,39,530.00	9,05,972.00	4,37,93,707.00
Disposals / adjustments	-	-	-	(8,07,434.00)	-	-	-	(8,07,434.00)
Translation exchange difference	(1,22,046.00)	-	(14,83,685.00)	(5,340.00)	-	(1,93,846.00)	-	(18,04,917.00)
<b>At March 31, 2017</b>	<b>53,11,056.00</b>	<b>25,60,708.00</b>	<b>7,10,85,137.00</b>	<b>5,68,64,959.00</b>	<b>1,99,43,030.00</b>	<b>4,65,29,765.00</b>	<b>2,45,75,505.00</b>	<b>22,68,70,160.00</b>
<b>At April 1, 2017</b>	<b>53,11,056.00</b>	<b>25,60,708.00</b>	<b>7,10,85,137.00</b>	<b>5,68,64,959.00</b>	<b>1,99,43,030.00</b>	<b>4,65,29,765.00</b>	<b>2,45,75,505.00</b>	<b>22,68,70,160.00</b>
Additions	-	66,269.52	6,30,901.08	44,25,475.61	38,94,396.50	52,67,874.76	-	1,42,84,917.00
Disposals / adjustments	-	-	(8,625.00)	(21,40,928.00)	(3,81,981.00)	(1,19,800.00)	-	(26,51,334.00)
Translation exchange difference	16,717.87	-	2,03,234.93	731.48	-	26,553.12	-	2,47,237.00
<b>At March 31, 2018</b>	<b>53,27,773.87</b>	<b>26,26,977.52</b>	<b>7,19,10,648.01</b>	<b>5,91,50,238.08</b>	<b>2,34,55,445.50</b>	<b>5,17,04,392.88</b>	<b>2,45,75,505.00</b>	<b>23,87,50,980.00</b>



<b>Accumulated depreciation</b>													
<b>At April 1, 2016</b>	<b>54,33,102.00</b>	<b>6,84,934.00</b>	<b>6,39,22,227.00</b>	<b>2,69,88,064.00</b>	<b>27,46,637.00</b>	<b>1,02,09,425.00</b>	<b>63,05,671.00</b>	<b>11,62,90,060.00</b>					
Depreciation expense	-	1,99,144.00	58,60,915.00	1,02,48,595.00	15,08,192.00	26,73,414.00	30,11,575.00	2,35,01,835.00					
Disposals / adjustments	-	-	-	(81,072.00)	-	-	-	(81,072.00)					
Translation exchange difference	(1,22,046.00)	-	(15,21,036.00)	(4,057.00)	-	(1,95,611.00)	-	(18,42,750.00)					
<b>At March 31, 2017</b>	<b>53,11,056.00</b>	<b>8,84,078.00</b>	<b>6,82,62,106.00</b>	<b>3,71,51,530.00</b>	<b>42,54,829.00</b>	<b>1,26,87,228.00</b>	<b>93,17,246.00</b>	<b>13,78,68,073.00</b>					
<b>At April 1, 2017</b>	<b>53,11,056.00</b>	<b>8,84,078.00</b>	<b>6,82,62,106.00</b>	<b>3,71,51,530.00</b>	<b>42,54,829.00</b>	<b>1,26,87,228.00</b>	<b>93,17,246.00</b>	<b>13,78,68,073.00</b>					
Depreciation expense	-	2,48,081.17	12,77,973.53	1,14,35,615.23	21,36,478.60	40,35,932.69	30,11,576.31	2,21,45,658.00					
Disposals / adjustments	-	-	(7,470.00)	(21,37,976.00)	(2,52,561.12)	(34,240.00)	-	(24,32,247.00)					
Translation exchange difference	16,717.87	-	2,02,624.73	1,008.85	-	26,393.83	-	2,46,745.00					
<b>At March 31, 2018</b>	<b>53,27,773.87</b>	<b>11,32,159.17</b>	<b>6,97,35,234.26</b>	<b>4,64,50,178.08</b>	<b>61,38,746.48</b>	<b>1,67,15,314.52</b>	<b>1,23,28,822.31</b>	<b>15,78,28,229.00</b>					
<b>Net block March 31, 2018</b>	<b>-</b>	<b>14,94,818.00</b>	<b>21,75,414.00</b>	<b>1,27,00,060.00</b>	<b>1,73,16,699.00</b>	<b>3,49,89,078.00</b>	<b>1,22,46,683.00</b>	<b>8,09,22,752.00</b>					
<b>Net block March 31, 2017</b>	<b>-</b>	<b>16,76,630.00</b>	<b>28,23,031.00</b>	<b>1,97,13,429.00</b>	<b>1,56,88,201.00</b>	<b>3,38,42,536.00</b>	<b>1,52,58,259.00</b>	<b>8,90,02,086.00</b>					
<b>Net block April 01, 2016</b>	<b>-</b>	<b>9,44,969.00</b>	<b>81,84,776.00</b>	<b>2,40,04,616.00</b>	<b>80,25,865.00</b>	<b>1,08,74,662.00</b>	<b>1,73,63,862.00</b>	<b>6,93,98,750.00</b>					





## Note No 6.

	Capital Work In Progress	Good Will	Other Intangible Assets
<b>Gross carrying value</b>			
<b>At April 1, 2016</b>	<b>72,13,906</b>	<b>1,67,77,02,373</b>	<b>6,55,14,900</b>
Additions	30,00,503	44,97,81,941	3,02,02,472
Disposals / adjustments	-	-	(1,22,288)
Translation exchange difference	-	(3,51,00,441)	(10,43,237)
<b>At March 31, 2017</b>	<b>1,02,14,409</b>	<b>2,09,23,83,873</b>	<b>9,45,51,847</b>
<b>At April 1, 2017</b>	<b>1,02,14,409</b>	<b>2,09,23,83,873</b>	<b>9,45,51,847</b>
Additions	-	28,86,77,672	7,64,32,843
Disposals / adjustments	(1,02,14,409)	(27,65,42,491)	-
Translation exchange difference	-	78,94,186	2,37,587
<b>At March 31, 2018</b>	<b>-</b>	<b>2,11,24,13,240</b>	<b>17,12,22,277</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At April 1, 2016</b>	<b>-</b>	<b>-</b>	<b>3,97,51,756</b>
Amortisation expense	-	-	1,84,91,395
Disposals / adjustments	-	-	-
Translation exchange difference	-	-	(11,07,484)
<b>At March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>5,71,35,667</b>
<b>At April 1, 2017</b>	<b>-</b>	<b>-</b>	<b>5,71,35,667</b>
Amortisation expense	-	-	3,12,91,061
Disposals / adjustments	-	-	-
Translation exchange difference	-	-	4,03,176
<b>At March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>8,88,29,904</b>
<b>Net block March 31, 2018</b>	<b>-</b>	<b>2,11,24,13,240</b>	<b>8,23,92,373</b>
<b>Net block March 31, 2017</b>	<b>1,02,14,409</b>	<b>2,09,23,83,873</b>	<b>3,74,16,184</b>
<b>Net block April 01, 2016</b>	<b>72,13,906</b>	<b>1,67,77,02,373</b>	<b>2,57,63,147</b>



## Note No 7. Non Current- Loans

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Security deposits			
Unsecured considered good	1,25,30,178	1,13,91,071	19,42,656
<b>Total</b>	<b>1,25,30,178</b>	<b>1,13,91,071</b>	<b>19,42,656</b>

## Note No 8. Other non-current assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Security Deposit	34,59,545	53,04,042	1,34,74,695
Miscellaneous expenses	1,28,558	4,11,030	6,93,502
Others *	11,05,68,000	-	-
<b>Total</b>	<b>11,41,56,103</b>	<b>57,15,072</b>	<b>1,41,68,197</b>

\*Sale consideration

## Note No 9. Trade receivables

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
<i>(Unsecured )</i>			
Considered good	1,87,81,95,304	1,46,77,25,959	1,22,29,34,036
Less: Allowance for doubtful debts	50,52,890	-	-
<b>Total</b>	<b>1,87,31,42,414</b>	<b>1,46,77,25,959</b>	<b>1,22,29,34,036</b>

## Note No 10. Cash and cash equivalents

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Cash on hand	1,59,815	3,57,415	33,822
Balances with banks in current accounts	15,70,75,227	12,31,36,411	6,69,22,045
Balances with banks held as fixed deposits	4,82,82,523	3,78,14,486	1,18,80,353
<b>Cash and cash equivalents as per balance sheet</b>	<b>20,55,17,565</b>	<b>16,13,08,312</b>	<b>7,88,36,220</b>
Book overdrafts used for cash management purposes		(212)	(5,38,004)
<b>Cash and cash equivalents as per statement of cash flow</b>	<b>20,55,17,565</b>	<b>16,13,08,100</b>	<b>7,82,98,216</b>

## Note No 11. Current financial assets : Loans

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Security Deposit			
Unsecured, considered good	38,01,273	13,09,469	6,42,344
Loan to subsidiaries			
<b>Total</b>	<b>38,01,273</b>	<b>1309469</b>	<b>6,42,344</b>



## Note No 12. Other current financial assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Advances to employees	1,16,41,915	56,02,982	1,17,52,253
Less: Provision for doubtful advances to employees	-	-	-
Net Advances (considered good and recoverable)	1,16,41,915	56,02,982	1,17,52,253
Accrued Revenue	78,88,99,693	47,33,44,969	30,62,94,741
Other Advances	65,85,600	1,06,72,030	60,71,454
	<b>80,71,27,209</b>	<b>48,96,19,982</b>	<b>32,41,18,448</b>

## Note No 13. Other current assets

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Prepaid expenses	6,04,87,541	2,61,66,199	3,10,91,080
Deposits	25,82,401	1,91,25,774	1,11,16,674
VAT input	38,29,101	29,99,412	31,35,473
Others	42,53,73,337	6,65,98,206	13,00,18,879
<b>Total</b>	<b>49,22,72,381</b>	<b>11,48,89,592</b>	<b>17,53,62,107</b>

## Note No 14. Equity share capital

Particulars	As at March 31'2018	As at March 31'2017	As at April 1' 2016
<b>Authorised</b>			
12,00,00,000 (March 31, 2017: 6,20,00,000 and April 1, 2016: 6,20,00,000) equity shares of Rs 5/- each	60,00,00,000	31,00,00,000	31,00,00,000
<b>Issued, subscribed and paid-up capital</b>			
9,63,82,468 (March 31, 2017: 47,144,573 and April 1, 2016: 46,826,260 ) equity shares of Rs 5/- each fully paid	48,19,12,340	23,57,22,865	23,41,31,300
	<b>48,19,12,340</b>	<b>23,57,22,865</b>	<b>23,41,31,300</b>

\*The Company increased its authorized share capital from Rs. 31,00,00,000 divided into 6,20,00,000 shares of Rs. 5 each to 60,00,00,000 divided into 12,00,00,000 shares of Rs. 5 each pursuant to the shareholders' resolution passed through Postal Ballot concluded on 19.03.2018.



b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:

Particulars	As at March 31'2018		As at March 31'2017		As at April 1' 2016	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Number of shares outstanding at the beginning of the period	4,71,44,573	23,57,22,865	4,68,26,260	23,41,31,300	4,34,81,599	21,74,07,995
Add: Shares issued	-	-	-	-	-	-
Add: Shares issued on preferential allotment	-	-	-	-	30,00,000	1,50,00,000
Add: Shares issued on exercise of employee stock options	10,46,661	52,33,305	3,18,313	15,91,565	3,44,661	17,23,305
Add: Bonus shares issued *	4,81,91,234	24,09,56,170	-	-	-	-
Number of shares outstanding at the end of the period	9,63,82,468	48,19,12,340	4,71,44,573	23,57,22,865	4,68,26,260	23,41,31,300

\*Equity shares allotted on March 31st, 2018 as fully paid bonus shares by capitalization of securities premium

c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs 5 each. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.



d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder*	As at March 31'2018		As at March 31'2017		As at March 31'2016	
	No of shares	% Holding	No of shares	% Holding	No of shares	% Holding
1.Matnic Finvest LLP	4,31,71,900	44.79	2,15,85,950	45.79	2,15,85,950	46.1
2.Kellton Wealth Management LLP	1,28,00,000	13.28	64,00,000	13.58	64,00,000	13.58

\* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders / members

e) In the period of five years immediately preceding March 31, 2018:

- i) The Company has allotted 4,81,91,234 fully paid up equity shares during the quarter ended March 31, 2018, pursuant to 1:1 bonus share issue approved by shareholders passed through Postal Ballot concluded on 19.03.2018
- ii) The Company has not bought back any equity shares.
- iii) The Company has not allotted any equity shares as fully paid up without payment being received in cash

**Note No 15.** Other equity

Other equity	As at March 31'2018	As at March 31'2017	As at April 1' 2016
<b>a) Capital reserve</b>			
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	18,91,03,838	5,67,350	5,67,350
<b>b) Security premium</b>			
Amounts received on (issue of shares) in excess of the par value has been classified as securities premium. It is utilised for bonus issue.	13,07,79,404	34,51,59,428	33,57,13,938
<b>c) General reserve</b>			
This represents appropriation of profit by the Company.	1,17,97,477	1,17,97,477	1,17,97,477
<b>d) Retained earnings</b>			
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	1,81,92,96,824	1,18,50,15,614	67,49,99,448
<b>e) Share option outstanding account</b>			



The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees in case of forfeiture corresponding balance is transferred to general reserve.	1,66,17,478	1,26,19,126	-
<b>f) Other items of other comprehensive income</b>	<b>(4,80,80,956)</b>	<b>(1,70,39,226)</b>	
<b>g) Share application money pending allotment</b>	-	-	<b>3,33,300</b>
<b>Total</b>	<b>2,11,95,14,065</b>	<b>1,53,81,19,769</b>	<b>1,02,34,11,513</b>

## Non- current liabilities

### Financial liabilities

#### Note No 16. Borrowings

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
<b>(Long Term and Secured)</b>			
Vehicle Loans			
a) HDFC Bank Ltd	94,457	3,05,050	4,94,736
b) Axis Bank Ltd	70,475	3,17,408	-
Loan - Indusind Bank	2,16,33,421	1,93,25,004	-
Loan-Axis Bank Limited	17,95,10,400	25,41,72,800	9,61,78,500
Loan -Savoy bank	89,27,902	2,99,16,684	-
Other Borrowings	10,96,69,621	13,37,76,144	22,45,46,264
<b>Total</b>	<b>31,99,06,276</b>	<b>43,78,13,090</b>	<b>32,14,69,486</b>

\*Secured long term borrowings represent the amount received from banks as summarized

Lender	"Rate of Interest"	Security	"Terms of Repayment"	Amount overdue
HDFC Bank	10.12%	Vehicle	Repayable in 60 equated instalments out of which 43 are paid	Nil
Axis Bank	9.85%	Vehicle	Repayable in 36 equated instalments out of which 22 are paid	Nil
Axis Bank -Singapore	Libor + 2.95bps	"Stand by Letter of credit"	Repayable in 20 Installments out of which 14 are paid	Nil



Axis Bank -UK	Libor + 2bps	"Stand by Letter of credit"	Repayable in 20 Installments out of which 3 are paid	Nil
Indusind Bank	Base + 1.90%	Pari Pasu charge with Axis bank	Multi years	Nil
Savoy Bank	Prime + 3.25	Assets of company	Repayable over three years	Nil
Itria Ventures LLC	10% -18%	Personal Guarantee of Promoters	Repayable over three years	Nil

**Note No 17.** Other financial liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Acquisition contingent payout	61,28,98,210	65,29,82,455	66,66,48,001
<b>Total</b>	<b>61,28,98,210</b>	<b>65,29,82,455</b>	<b>66,66,48,001</b>

**Note No 18.** Provisions : Other Long Term Provisions

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Provision for employee benefits			
Gratuity	1,32,57,511	1,16,54,528	42,02,832
<b>Total</b>	<b>1,32,57,511</b>	<b>1,16,54,528</b>	<b>42,02,832</b>

**Note No 19.** Deferred tax assets (net)

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
<b>Deferred tax liabilities</b>			
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	38,29,791	78,78,039	67,43,410
"Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)"	2,36,05,805	70,99,917	80,48,521
<b>Total Deferred tax liabilities</b>	<b>2,74,35,596</b>	<b>1,49,77,957</b>	<b>1,47,91,931</b>
<b>Deferred tax assets</b>			
Provision for doubtful debts	18,58,591	-	-
Provision for gratuity and leave encashment	16,49,174	24,96,524	5,66,156
Mat credit	39,90,550	2,16,36,689	2,83,63,534
Others	-	22,27,264	
<b>Total Deferred tax assets</b>	<b>74,98,315</b>	<b>2,63,60,477</b>	<b>2,89,29,690</b>
<b>Deferred tax assets after set off</b>	<b>1,99,37,280</b>	<b>(1,13,82,520)</b>	<b>(1,41,37,759)</b>



## Current liabilities

### Financial liabilities

#### Note No 20. Borrowings

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
<b>(Short Term and Secured)</b>			
Term Loans : Vehicle			
Working Capital Loan : Axis Bank Limited	28,66,13,200	19,81,13,768	8,05,76,996
Working capital Line of Credit: Bridge bank)	24,30,50,829	27,39,89,681	24,20,82,651
Working capital Line of Credit: EGC)	9,47,34,176	-	-
Working capital Line of Credit: Savoy bank	-	-	9,94,95,000
Term Loan -Axis bank limited	-	-	25,30,988
Other short term	4,55,28,000	6,48,40,000	
Vehicle Loan	-	12,45,358	33,27,105
<b>Total</b>	<b>66,99,26,205</b>	<b>53,81,88,807</b>	<b>42,80,12,740</b>

Note :

\*Short term borrowings represent the amounts received from Banks as summarised below

Lender	Nature of facility	Rate of interest	Security	Amount overdue
Axis Bank	Cash Credit	3 Months MCLR+1.85%	“(a) Pari Pasu charge on current assets, present and future along-with Indusind bank . (b) Hypothecation on properties owned by promoters. (c ) Pledge of 12 lacs shares held by Matnic Finvest LLP. (d) Personal Gurantee and comfort letter from Promoters.	Nil
	FCDL	6 months Libor+2.95%		
	Adhoc Overdraft (for EDCIL project)	3 Months MCLR+1.85%		
Bridge Bank	Working Capital	Primerate +2%	"All Assets of the company"	Nil
Entrepreneur Growth Capital	Working Capital	Primerate +3.5 %	"All Assets of the company"	Nil
Whochford	Acquisition Finance	12%	Unsecured	Nil

#### Note No 21. Trade Payables

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Trade Payables for goods and services	46,91,64,246	20,51,76,317	17,60,92,909
<b>Total</b>	<b>46,91,64,246</b>	<b>20,51,76,317</b>	<b>17,60,92,909</b>

\* 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)





## Note No 22. Other current financial liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1'2016
Current maturities of long-term debt*	14,96,39,256	22,26,57,597	11,74,87,800
Interest accrued but not due on borrowings	1,36,614	11,441	-
<b>Total</b>	<b>14,97,75,870</b>	<b>22,26,69,038</b>	<b>11,74,87,800</b>

\* The details of interest rates, repayments and other terms are disclosed under Note 16

## Note No 23. Other current liabilities

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Unearned income			
Statutory dues payable	7,19,75,193	7,46,57,497	4,85,49,080
Advances received from customers	39,06,672	72,62,500	2,26,46,792
Others	11,47,60,118	99,53,058	1,72,67,983
<b>Total other current liabilities</b>	<b>19,06,41,983</b>	<b>9,18,73,055</b>	<b>8,84,63,854</b>

## Note No 24. Provisions : Other Short Term Provisions

Particulars	As at March 31'2018	As at March 31'2017	As at April 1 '2016
Provisions for employees benefits	24,33,60,106	22,32,48,106	27,99,32,104
Accrued Expenses	23,89,13,734	22,10,46,209	26,23,31,841
<b>Total</b>	<b>48,22,73,840</b>	<b>44,42,94,314</b>	<b>54,22,63,946</b>

## Note No 25. Revenue from operations

For the year ended

Particulars	March 31,2018	March 31,2017
Revenue from operations (net)		
Software Services	7,35,47,09,418	6,11,96,36,986
Hardware Services	46,01,66,564	1,63,94,641
Maintenance Services	1,99,23,971	1,16,66,963
<b>Total</b>	<b>7,83,47,99,953</b>	<b>6,14,76,98,590</b>

## Note No 26. Other income

For the year ended

Particulars	March 31,2018	March 31,2017
Foreign exchange gain/ (loss)	1,74,50,151	2,10,65,656
Interest income on financial assets at amortised cost	11,39,108	4,79,206
Interest received	30,20,092	19,74,281
Miscellaneous write offs	1,53,178	7,87,383
Miscellaneous Income	30,86,381	1,29,01,295



Profit on sale of Investment	25,94,113	-
Profit on sale of assets	-	16,653
<b>Total</b>	<b>2,74,43,022</b>	<b>3,72,24,475</b>

**Note No 27.** Cost of Material Consumed

For the year ended

Particulars	March 31,2018	March 31,2017
Purchase of Stock in trade	35,18,35,962	9,87,286
Changes in inventories of finished goods	(2,90,113)	92,95,637
<b>Total</b>	<b>35,15,45,849</b>	<b>1,02,82,922</b>

**Note No 28.** Employee benefits expense

For the year ended

Particulars	March 31,2018	March 31,2017
Salaries and wages	3,32,99,47,064	2,79,98,46,680
Gratuity Expenses	71,26,792	91,59,537
Contribution to provident and other funds	1,35,34,133	1,32,00,884
Employee stock compensation expenses	39,98,354	1,26,19,126
Staff welfare expenses	14,20,32,284	20,17,45,644
<b>Total</b>	<b>3,49,66,38,626</b>	<b>3,03,65,71,871</b>

**Note No 29.** Finance costs

For the year ended

Particulars	March 31,2018	March 31,2017
Interest expense	9,61,50,843	9,07,04,648
Exchange differences to the extent considered as an adjustment to borrowing costs	56,683	18,493
Other borrowing cost	6,66,36,756	1,21,62,713
<b>Total</b>	<b>16,28,44,282</b>	<b>10,28,85,854</b>

**Note No 30.** Depreciation and amortization expense

For the year ended

Particulars	March 31,2018	March 31,2017
On property, plant and equipment	2,21,45,657	2,35,01,836
On other intangible assets	3,12,91,061	1,84,91,395
Amortization of miscellaneous expenses	2,82,472	2,82,472
<b>Total</b>	<b>5,37,19,190</b>	<b>4,22,75,703</b>



**Note No 31.** Other expenses

For the year ended

<b>Particulars</b>	<b>March 31,2018</b>	<b>March 31,2017</b>
Professional Fee	26,81,64,152	12,28,08,399
Subcontracting Expenses	2,12,47,52,279	1,76,88,38,978
Rent	8,45,47,017	7,44,76,716
Travelling and Conveyance	4,30,61,677	5,75,26,989
Internet and webhosting	2,24,47,350	2,49,72,570
Product licence cost	-	4,09,47,578
Repairs and maintenance	9,11,49,733	3,53,22,303
Sales and Marketing	3,74,86,925	1,85,74,634
Rates and taxes	34,40,275	21,41,334
CSR Contributions	15,78,599	14,20,890
Subscription fees and licences renewal cost	3,98,93,515	2,73,31,641
Loss on Sale of Asset	23,586	-
Exchange fluctuations Loss	1,77,85,487	2,57,28,502
Provision for doubtful debts	50,52,890	-
Bad Debts	42,45,316	35,67,242
Miscellaneous balances write off	-	31,65,014
Other Miscellaneous expenses	5,50,06,659	7,03,49,101
Auditor Remuneration for subsidiary companies	40,13,911	38,07,040
Auditor Remuneration		
a) Statutory Audit fee	1,25,000	50,000
b) Taxation	50,000	25,000
c) Certification charges	25,000	25,000
<b>Total</b>	<b>2,80,28,49,370</b>	<b>2,28,10,78,930</b>



## Note No 32. Earnings per Share

Particulars	31-Mar-2018	31-Mar-2017
Numerator for EPS		
Net Profit after tax (A)	63,59,16,741	530,525,154
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	9,63,82,468	9,52,10,509
Weighted Average no. of Shares considered for Denominator for Diluted EPS (after effect of dilutive issues of stock options )(C)*	96,638,021	9,54,68,341
Basic and diluted Earnings Per Share (A)/(B)	6.60	5.57
Diluted Earnings Per Share (A)/(C)	6.58	5.56

\* The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

## Note No 33. a) Gratuity

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an Independent actuary, at each balance sheet date using the projected unit credit method. The discount rate assumed is 7.42% (31-March-2018-7.42% and 31-March-2017 - 7.77%). The retirement age has been considered at 58 years

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the Balance Sheet for the respective plans.

Particulars	For the period ending	
	31-Mar-17	31-Mar-18
Present Value of Obligation as at beginning	63,95,187	1,03,52,650
Current Service Cost	34,05,396	53,21,105
Interest Expense or Cost	5,07,778	7,68,167
- change in financial assumptions	44,289	(28,90,832)
<b>Present Value of Obligation as at the end</b>	<b>1,03,52,650</b>	<b>1,35,51,090</b>

## Bifurcation of Net Liability

Particulars	As on	
	31-Mar-17	31-Mar-18
Current Liability (Short term)	2,32,536	2,93,579
Non-Current Liability (Long term)	1,01,20,114	1,32,57,511
<b>Total Liability</b>	<b>1,03,52,650</b>	<b>1,35,51,090</b>

## b) Leave Encashment :-

Since leave encashment claims are settled on year to year basis, no actuarial valuation needs to be obtained.



## Note No 34. Segment Information

The Company has identified three segments based on the Revenue i.e Digital Transformation, Enterprise Solution and Consulting. The financial information on Segments is given in Note No. 38.

## Note No 35 . Operating Leases

The company has entered into cancellable and non cancellable operating lease agreements for leasing office space. The lease agreement provides for cancellation by either party with a notice period, it also contains a clause for renewal of lease agreements either at the option of group or as mutually agreed by both the parties.

	31-Mar 2018	31-Mar 2017
Not Later than one year	77,669,015	3,59,18,531
Later than one year but not later than five years	137,114,375.01	3,44,50,260
Later than five years	Nil	Nil

## Note No 36. Related Party Disclosures

### I) RELATED PARTY WITH WHOM TRANSACTIONS HAVE TAKEN PLACE

- i ) Mr. Niranjan Chintam - Chairman and CFO
- ii) Mr. Krishna Chintam - Managing Director
- iii) Mr. Karanjit Singh- CEO and Executive Director

### II) KEY MANAGERIAL PERSONNEL

- a) Mr. Niranjan Chintam - Chairman and CFO
- b) Mr. Krishna Chintam - Managing Director
- c) Mr. Karanjit Singh- CEO and Executive Director
- d) Ms. Pawni Bhawe-Company Secretary

### III) RELATIVE OF KEY MANAGERIAL PERSONNEL

Sreevidya Chintam- Wife of Chairman

### IV) RELATED PARTY TRANSACTIONS DURING THE YEAR

		31-March-2018	31-Mach-2017
Rent paid for office building	Relative of Key Managerial personnel	1,57,50,000	1,50,00,000

### V) REMUNERATION OF KEY MANAGERIAL PERSONNEL:

For the year end

Particulars of Remuneration	31-Mar 2018	31-Mar 2017
Short Term employee benefits	1,18,43,986	1,14,71,172
Share-based payment transactions	21,87,322	3,36,007
Total compensation paid to key managerial personnel	1,40,31,308	1,18,07,179

\* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.



## Note No 37. Employee stock option plan (ESOPS)

The company instituted Kellton Tech Solutions employee stock option, which was approved by shareholders at 19th AGM i.e 27-Dec-2013

ESOP schemes have service condition and have 12-60 months vesting term. Company has made 9 grants under this scheme having grant price from Rs 10 to Rs 161.50. Grant price.

Details of the grant/issue are given below

Particulars	Year Ended	Year Ended
	31-Mar-18	31-Mar-17
	No of option	No of option
Options outstanding at the beginning of the year	18,11,359	20,26,672
Granted during the year	0	1,53,000
Vested during the year	6,46,495	8,30,140
Exercised during the year	10,46,661	3,18,313
Lapsed or Forfeited during the year	2,73,336	50,000
Options outstanding at the end of the year	4,91,362	18,11,359
Options vested and exercisable at the end of the year	80,667	6,21,328
Options vested and exercisable at the end of the year	0	0

## Note No 38. Segment Reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company shall disclose segment information only on the basis of consolidated financial statements which are presented together with the standalone financial statements.

	Digital Transformation	Enterprise Solutions	Consulting	Total
Revenue	5,296,928,572	1,377,895,959	1,159,975,423	7,834,799,953
Identifiable expense	2,973,370,910	995,233,522	823,424,545	4,792,028,976
Segmental result	2,323,557,662	382,662,437	336,550,878	3,042,770,977
Unallocable expenses				1,912,674,060
Operating income				1,130,096,917
Finance Charges				162,844,282
Other Income				27,443,022
Profit before taxes				994,695,657
Taxes				310,697,960
Profit after taxes				683,997,697

## Note No 39. Acquisitions and Disinvestment



On 30th March 2018, Kellton Tech has announced the acquisition of 100% stake in Planetpro group.

The Company has disinvested stake in its Bokanyi Consulting Inc (step down subsidiary) w.e.f 1 January 2018.

**Note No 40.** Company has not made any default in loan repayment and no overdue's are outstanding

#### **Note No 41. Contingent liabilities**

Contingent liabilities as at 31-March-2018 is 8330000 (previous year-417916143).

The company is in arbitration in commercial matters that arise from time to time in the ordinary course of business. The Company, based on independent legal opinion obtained in respect of issues related to this matter, believes that the liability is not likely to arise and therefore, no provision is considered necessary in the financial statements.

**Note No 42.** In the opinion of the management the sum of Rs 6,38,95,787 overdue for more than three year is good and recoverable since the said entity is also having due of sum of Rs 5,20,32,000 (USD 800000) in Kellton Tech Inc, subsidiary company. The balance due of 11863787 is expected to be realized shortly.

#### **Note No 43.** Corporate social responsibility

The Company has incurred an expenditure of 15.79 Lacs during the financial year 2017-18 (Previous year 13.60 lacs) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013

**Note No 44.** Kellton Tech Solutions Inc (USA) and Kellton Tech Inc (USA) are both 100% subsidiaries of Kellton Tech Solutions Ltd (India) have been audited by other auditors. These two entities financial statements/financial information reflect a total assets of Rs. 463,22,90,022, total revenue of Rs 557,02,67,544 and net income of Rs 15,67,99,902 for the 12 month period ending Mar 31, 2018 .

In addition, Kellton Tech Limited (Ireland) a 100% subsidiary of Kellton Tech Solutions Ltd (India) audit has not been completed. This entities statements/financial information reflect a total assets of Rs. 88,43,94,329 total revenue of Rs 132,73,51,735 and net income of Rs 43,04,49,245 for the 12 month period ending Mar 31, 2018.

#### **Note No 45.** Transition to Ind AS

Financial statements for the year ended March 31, 2018 have been prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for year ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

#### **a) Exceptions from full retrospective application:**



Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

**b) Exemptions from retrospective application:**

Share-based payment exemption: The Company has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", to equity instruments that vested before the date of transition to Ind AS.

**c) Reconciliations:**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2016
- equity as at March 31, 2017;
- Profit for year ended March 31, 2017
- There is no material adjustment to the cash flow statement.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

**a) Equity Reconciliation**

	31-Mar-17			1-Apr-16		
	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	89,002,086	-	89,002,086	69,398,750	-	69,398,750
Capital work in progress	10,214,409	-	10,214,409	7,213,906	-	7,213,906
Goodwill	1,492,765,127	599,618,746	2,092,383,873	1,089,471,106	588,231,267	1,677,702,373
Other intangible assets	37,416,184	-	37,416,184	25,763,147	-	25,763,147
<b>Financial assets</b>						
Loans	24,474,687	(13,083,616)	11,391,071	16,059,695	14,117,039	1,942,656
Deferred tax assets (net)	7,740,032	3,642,488	11,382,520	14,137,759	-	14,137,759
Other non-current assets	411,030	5,304,042	5,715,072	693,502	13,474,695	14,168,197
	1,662,023,554	-	2,257,505,214	1,222,737,865	615,823,002	1,810,326,789
<b>Current assets</b>						
Inventories	23,919,908	-	23,919,908	33,215,545	-	33,215,545
Trade receivables	1,467,725,959	-	1,467,725,959	1,222,934,036	-	1,222,934,036



# KELLTON TECH SOLUTIONS LIMITED



Cash and cash equivalents	161,308,099	-	161,308,099	78,298,216	-	78,298,216
Loans		1,309,469	1,309,469	-	-	-
Other financial assets	489,619,982	-	489,619,982	324,118,448	-	324,118,448
Other current assets	108,514,055	6,375,537	114,889,592	175,362,107	642,344	176,004,451
	2,251,088,003	7,685,005	2,258,773,009	1,833,928,352	-	1,834,570,696
<b>TOTAL ASSETS</b>	<b>3,913,111,558</b>	<b>-</b>	<b>4,516,278,223</b>	<b>3,056,666,217</b>	<b>-</b>	<b>3,644,897,484</b>
<b>EQUITY AND LIABILITIES</b>						
Equity						
Equity share capital	235,722,865	-	235,722,865	234,131,300	-	234,131,300
Other equity	1,532,477,712	5,642,056	1,538,119,768	1,023,411,513	-	1,023,411,513
	1,768,200,577	-	1,773,842,633	1,257,542,813	-	1,257,542,813
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
<b>Financial liabilities</b>						
Borrowings	437,813,090	-	437,813,090	321,469,486	-	321,469,486
Other financial liabilities	55,457,847	597,524,609	652,982,455	78,416,734	588,231,267	666,648,001
Provisions	11,654,528	-	11,654,528	4,202,832	-	4,202,832
	504,925,465	-	1,102,450,073	404,089,051	-	992,320,319
<b>Current liabilities</b>						
Financial liabilities		-	-	-	-	-
Borrowings	538,188,807	-	538,188,807	428,012,740	-	428,012,740
Trade payables	205,176,317	-	205,176,317	176,092,909	-	176,092,909
Other financial liabilities	222,657,597	-	222,657,597	117,487,800	-	117,487,800
Other current liabilities	91,873,055	-	91,873,055	88,463,854	-	88,463,854
Provisions	444,305,755	-	444,305,755	542,263,946	-	542,263,946
Current tax liabilities (Net)	137,783,984	-	137,783,984	42,713,104	-	42,713,104
	1,639,985,516	-	1,639,985,516	1,395,034,353	-	1,395,034,353
	2,144,910,981	-	2,742,435,589	1,799,123,404	-	2,387,354,671
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,913,111,558</b>	<b>-</b>	<b>4,516,278,223</b>	<b>3,056,666,217</b>	<b>-</b>	<b>3,644,897,484</b>

## b) Profit Reconciliation



Particulars	Year ended March 31 2017			
	As per Indian GAAP	Effect of IND AS transition	Reclassification	Ind AS
Income				
Revenue from operations	6,147,698,590	-	-	6,147,698,590
Other Income	15,679,612	479,206	21,065,656	37,224,475
Total Revenue	6,163,378,202	-	-	6,184,923,065
<b>Expenses:</b>				
Cost of materials consumed	10,282,922	-	-	10,282,922
Employee benefit expense	3,023,952,745	12,619,126		3,036,571,871
Financial costs	102,867,361		18,493	102,885,854
Depreciation and amortization expense	42,275,703	-	-	42,275,703
Other expenses	2,261,610,584	(1,578,817)	21,047,164	2,281,078,931
Total Expenses	5,440,989,316			5,473,095,281
Profit / Loss before taxes	722,388,887	-	-	711,827,783
Tax expense:				
Current tax	183,846,141	-	-	183,846,141
Deferred tax	(124,838)	-	(3,642,488)	(3,767,326)
Taxes Prior Period	1,123,815	-	-	1,123,815
Profit / Loss for the period	537,543,769	-	-	530,625,153
Other comprehensive income	-	-	17,039,226	17,039,226
Net Profit	-	-	-	513,585,927

## C) Notes of IND AS

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease.



Under Indian GAAP, the actuarial gain / loss on defined benefit obligations and plan assets is recognized as employee benefit expenses in the statement of profit and loss. Under Ind AS, such actuarial gain / loss is recognized under other comprehensive income and classified as equity.

Under Ind AS, the Employee stock compensation expenses are recognized at the fair value as on the date of grant and the Employee stock compensation expenses related to employees of subsidiaries are recognized in the books of respective subsidiary companies.

Accordingly, under Ind AS 109, corporate guarantees under financial guarantee contracts given by parent company on behalf of subsidiary needs to be recognized liability as contra under other non-current assets and other non-current liability. Changes in position shall also be recognized every year till the guarantee are extinguishes.

**Note No 46.** Due to acquisitions and disinvestment during the year previous year figures are not comparable.

**Note No 47.** Previous year's figures have been regrouped where necessary to conform to current year's classification.

Signatories to schedules 1 to 47  
For and on behalf of Board of Directors

vide our report of even date  
For **Sastri & Shah**  
Chartered Accountants  
Firm Registration Number – 003642S

**Sd/-**  
**Niranjan Chintam**  
Director & CFO

**Sd/-**  
**Krishna Chintam**  
Managing Director

**Sd/-**  
**C. Pavan Kumar**  
Managing Partner  
M No. 205896

**Place :** Hyderabad  
**Date :** 30 May 2018

**Sd/-**  
**Pawni Bhawe**  
Company Secretary  
M No. 48587

# 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  
e-mail ID: mail@xlsoftech.com  
Phone: 040-23545913

Company: **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)



## UPDATION OF PAN & BANK DETAILS FOR MEMBERS HOLDING SHARES IN PHYSICAL FORMAT

Dear Shareholder,

**Ref :** Shares held in **KELLTON TECH SOLUTIONS LIMITED**

**SUB :** UPDATION OF PAN & BANK DETAILS FOR MEMBERS HOLDING SHARES IN PHYSICAL FORMAT – REG

We draw your attention to the circular issued by securities and exchange Board of India (SEBI) No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 DATED 20/04/2018. SEBI, in point no. 12 (ii) of the Annexure to its circular had directed all the listed companies to send a communication to all its shareholders through their Registrars and Transfer agents (RTA), who are holding shares in physical form and obtain copy of the PAN of all the holders and Bank account details of the first/ sole shareholder of the company.

These guidelines are issued by SEBI to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemption by the RTAs, Issuer Companies and Bankers to Issue.

To enable us to update the PAN and Bank account details, we, being RTA to the above referred company request you to kindly submit the following documents within 21 days of this letter:

- Copy of self-attested PAN card of the shareholders including joint holders, if any in the format attached
- Bank A/C details of the first/sole shareholder, as per the Bank Mandate format attached
- Original cancelled cheque leaf with the name of the first/sole shareholder printed on it or copy of bank passbook showing name & account details of the account holder attested by the bank

On receipt of the above documents, we will update the same in our records.

In case of dividend declarations by the company, all dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you. It is not out of place to mention here that under section 124 (6) of the Companies Act 2013, if dividends remain unpaid / unclaimed for a period of seven consecutive years then the underlying shares are also liable to be transferred to the A/c of IEPF authority. We request you to kindly arrange to send us the first/sole shareholders email Id for sending future communications as per the format attached. Hence we request you to kindly submit the documents sought immediately.



We refer to SEBI Notification no. SEBI/LAD-NRO/GN/2018/24 dated June08, 2018 for amendment to SEBI(LODR) regulation that " **NO PHYSICAL TRANSFER OF SHARES WITH EFFECT FROM DECEMBER 5, 2018**". All the transfers henceforth shall be through demat only. The duly filled up enclosed form with enclosures shall be sent to our Registrars & share transfer agents to the address as mentioned below:

**KELLTON TECH SOLUTIONS LIMITED**

Plot No. 1367, Road No. 45,  
Jubilee Hills,  
Hyderabad – 500 033  
Telangana  
Tel No - 040-44333030  
Email id: [compliance@kelltontech.com](mailto:compliance@kelltontech.com)  
Website: [www.kelltontech.com](http://www.kelltontech.com)

Thanking You,  
Yours Sincerely

**For KELLTON TECH SOLUTIONS LIMITED**

**Sd/-**

**Pawni Bhave**  
Company Secretary



## PAN MANDATE FORM

NAME OF THE COMPANY	KELLTON TECH SOLUTIONS LIMITED
FOLIO NO.	

First/Sole Shareholder Name	PAN1																		
First Jt. Holder Name	PAN2																		
Second Jt. Holder Name	PAN3																		

(SELF-ATESTED COPIES OF PAN CARD ENCLOSED HEREWITH)  
NACH MANDATE FORM

Name of the Bank																			
Branch Name & Address																			
Bank A/c Type (SB A/c/ Current A/C)																			
Bank A/c No.																			
Bank MICR ECS code No																			
Bankers IFSC Code																			

(ORIGINAL CANCELLED CHEQUE LEAF WITH THE NAME OF SHAREHOLDER PRINTED ATTACHED HEREWITH)

## EMAIL REGISTRATION FORM

Email ID																			
Telephone No. / Mobile No.																			

I hereby

- a. State that the particulars of PAN and Bank account details are correct and complete/
- b. Authorize the company/RTA to credit my dividend on the shares held by me directly to my above bank account mentioned herein above.
- c. Convey my consent to receive all communications, Annual Report/ Notice of the Meetings and from the company through Email rather than hard copy.

SIGNATURE OF THE FIRST/SOLE SHAREHOLDER: .....



## KELLTON TECH SOLUTIONS LIMITED

**Registered Office: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033 Telangana**

Form No. MGT-11

### Proxy form

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

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company. Hereby appoint

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

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

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

as my/ our proxy to attend and vote( on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on the Friday, September 28th, 2018 at 11:00 at Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033 and at any adjournment thereof in respect of such resolutions as are indicated below:





**Resolution No.**

Sl. No.	Resolution(S)	Vote	
		For	Against
1	To receive, consider and adopt (i) the audited standalone financial statements of the Company for the financial year ended 31st March, 2018, the Reports of the Board of Directors and the Auditors thereon. (ii) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 and the Report of the Auditors thereon		
2.	To appoint a Director in place of Mr. Niranjana Reddy Chintam , who retires by rotation and, being eligible, offers himself for re-appointment.		
3.	Appointment of M/s. PARY & Co, Chartered Accountants as Statutory Auditors of the Company		
4.	Pledging of shares of subsidiaries for availing loans		
5.	Approval for giving loan and corporate guarantee		
6.	Further issuance of securities		

**\* Applicable for investors holding shares in Electronic form.**

Signed this \_\_\_\_ day of \_\_\_\_ 20\_\_

Signature of Shareholder

Signature of Proxy holder

Affix Re. 0.15 revenue Stamp  Signature of the shareholder across revenue stamp
--

**Note:**

- 1) 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.
- 2) The proxy need not be a member of the company



## KELLTON TECH SOLUTIONS LIMITED

Registered Office: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033 Telangana

### ATTENDANCE SLIP

24<sup>TH</sup> Annual General Meeting on on Friday, September 28th, 2018 at 11:00 a.m. at Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033

Full name of the members attending \_\_\_\_\_(In block capitals)

Ledger Folio No./Client ID No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

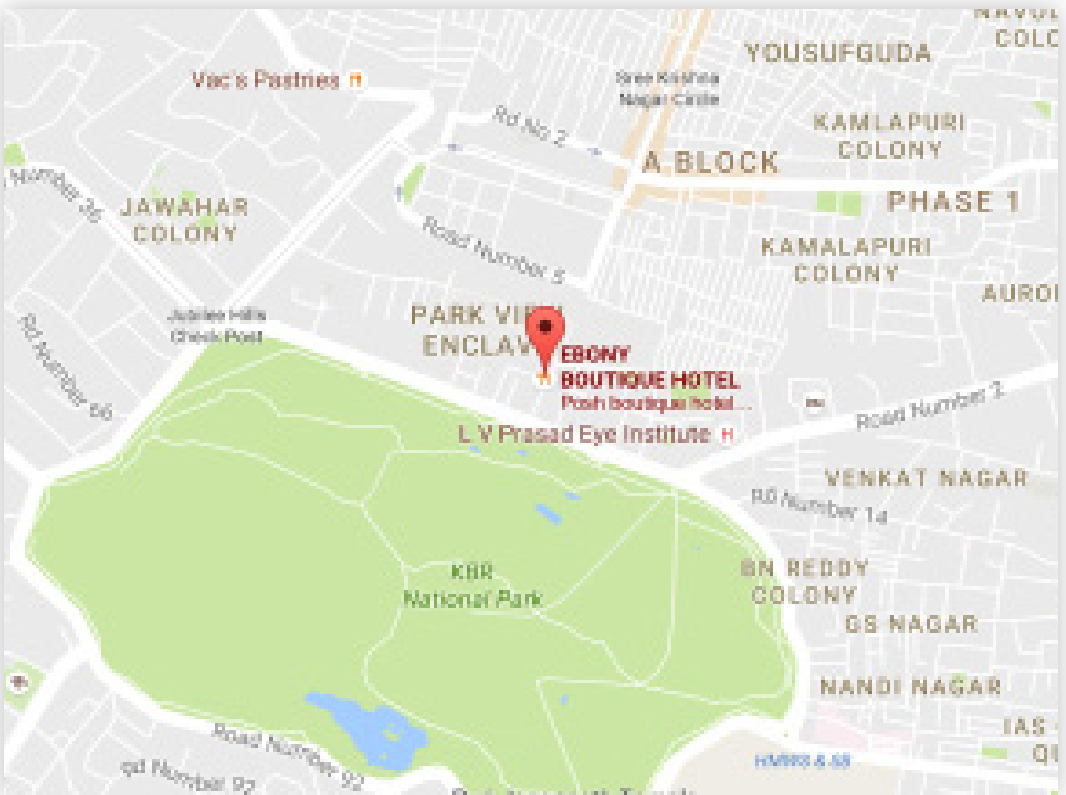
I hereby record my presence at the 24th Annual General Meeting of Kellton Tech Solutions Limited held at Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033 on Friday, September 28th, 2018.

(Member's /Proxy's Signature)

Note:

1. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
2. The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
3. A Proxy need not be a member of the Company.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

*No Gifts, Gift Coupons, Cash in lieu of Gifts will be given at the AGM to any member.*



### **AGM VENUE :**

#### **EBONY BOUTIQUE HOTEL**

DOOR NO. 8-2-120/C/198/192, ROAD NUMBER 2  
BANJARA HILLS, NEAR ANNAPURNA STUDIO  
HYDERABAD, TELANGANA -500033

ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING ON FRIDAY SEPTEMBER 28TH 2018 AT 11 AM AT EBONY BOUTIQUE HOTEL, DOOR NO. 8-2-120/C/198/192, ROAD NUMBER 2, BANJARA HILLS, NEAR ANNAPURNA STUDIO, HYDERABAD, TELANGANA-500033

**ACCELERATING ENTERPRISES  
DIGITAL TRANSFORMATION  
JOURNEY**



**KELLTON TECH**

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