



**KELLTON TECH SOLUTIONS LIMITED.**

Date: September 04, 2020

The General Manager, Listing Department, Bombay Stock Exchange Limited, 1 <sup>st</sup> Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street Fort, Mumbai-400001	The Manager, Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
<b>Scrip Code: 519602</b>	<b>Scrip Code: KELLTONTEC</b>

Dear Sir/Madam,

**Sub:** Notice of 26th Annual General Meeting (AGM) along with Annual report 2019-20.

**Ref:** Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to the subject cited and pursuant to the provisions of Regulation 34 (1) of the Listing Regulations, 2015, we enclose the Notice convening 26<sup>th</sup> Annual General Meeting of the Shareholders and Annual Report for the financial year 2019-20.

The above documents are also available on the website of the Company at <https://www.kelltontech.com/investors/reports-and-filings>

Kindly take the above information on records.

Thanking You.

Yours faithfully,

**For Kellton Tech Solutions Limited**

Sd/-

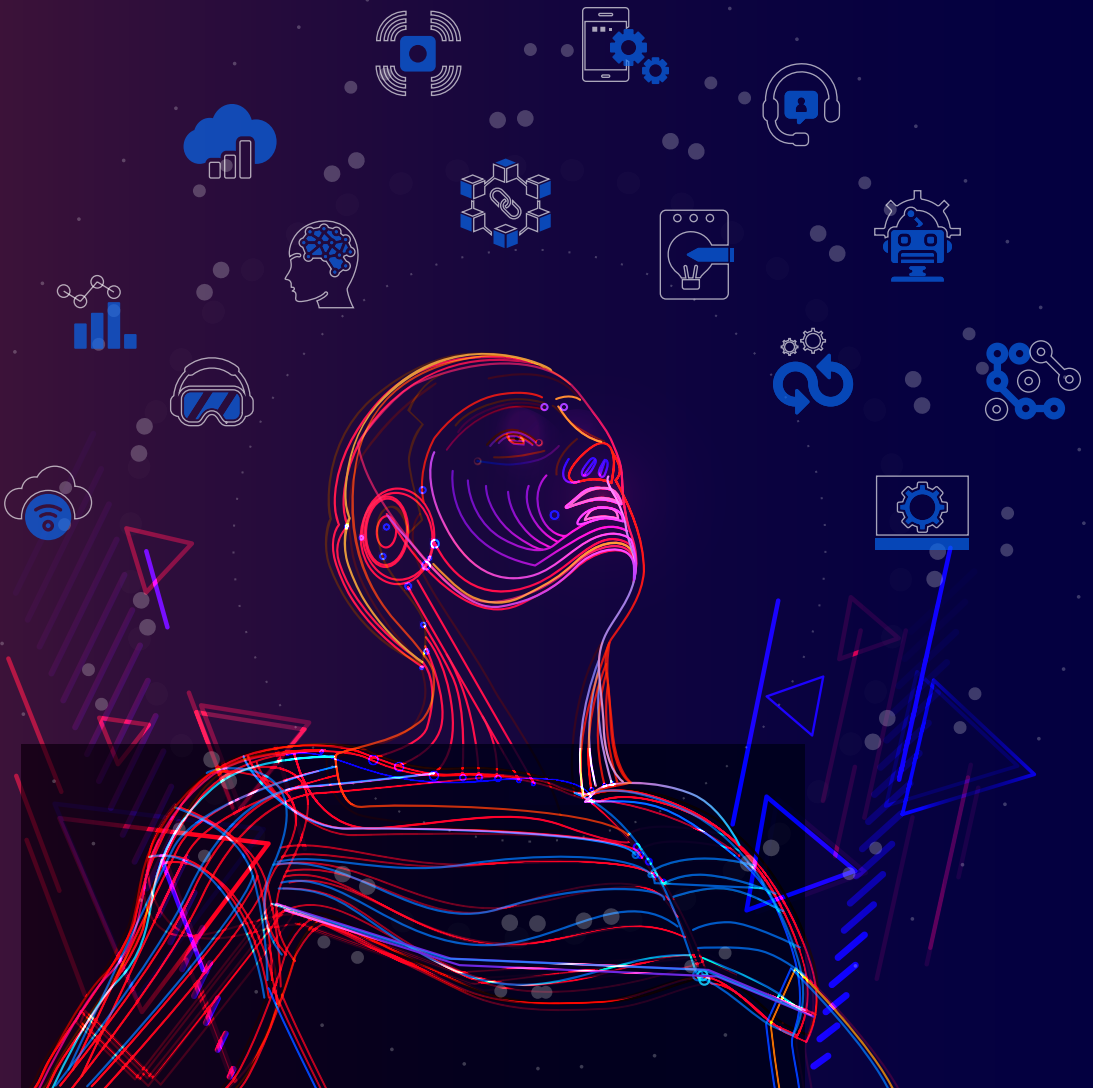
**Surabi Jain**

**Company Secretary**

Enclosed: a/a



# INFINITE POSSIBILITIES WITH TECHNOLOGY





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MESSAGE FROM THE **CHAIRMAN'S** DESK

# Infinite possibilities with **Technology**



Letter to **Shareholders**

As I write this year's letter to you—sharing crucial insights on our financial results, current market position, and the roadmap ahead—the world is enduring an unprecedented health crisis in the aftermath of the COVID-19 virus outbreak. The event has drastically impacted millions of lives and livelihoods, and its implications will continue to reverberate across the socio-economic sphere for decades to come. Our thoughts and prayers remain with the communities and the most vulnerable within them. We stand in solidarity with our healthcare workers and first responders, who are risking themselves for the rest of us and persevering in the fight against the pandemic.

We entered the current crisis at a time when our growth numbers were steadily improving. In 2019, we weathered some extraordinary challenges through a strategic eye for detail, a

team of expert solution finders, and disciplined course-correction. Our revenues stood at 7706 Million, reflecting our verticals focus and cooperation in ensuring firm performance. Our digital work increased by 0.2% Y-o-Y, comprising 75% of our overall revenue in FY-20. Our large-scale digital transformation deals stand at \$10 million. Our earnings per share stood at by INR 7.70. We had operating cash flows of INR 564 million for the year.

During the last few weeks in March, we experienced the first wave of the COVID-19-led disruption. As a preliminary action, we mobilized the resources needed to bring back our employees dispersed all across the world. Our service excellence stems from a team that brings novelty, integrity, and visionary qualities to the table. It was imperative, therefore, to ensure the safety of our employees and safeguard their interests to help them navigate whatever the circumstances might bring. We took a proactive approach by bring-



ing them home in the nick of time and quickly deployed the 90% of our entire workforce in a quintessential work from home environment in a phased manner. As a part of an extensive exercise, we reassessed our global delivery capabilities, re-engineered our supply chains, and leveraged digital channels to serve our customers uninterrupted through the crisis and beyond. We razed rigid structures to build a far seamless, secure infrastructure guided largely by leaner technologies related to automation, data, network security, and remote access. The net outcome of inspiring such an adaptive capacity was the appreciative words from our clients that continued to trickle in. In about 130 days since the initial lockdown, we successfully delivered over 60 product releases, demonstrating our diligence and dedication to digitally empowering our clients in this crucial need of the hour.

As a 'Born Digital' company, confronting a crisis, we have fired all our growth engines to capture new opportunities and deliver hyper-relevant digital solutions to our existing customers while pushing to build a sustainable, more resilient economy. COVID-19 is undeniably the worst we have seen in years, but I believe this crisis has a hidden opportunity. To crack it open, we are making the right digital investments in technology, scale, and human capital, and sowing the seeds of an exciting future.

We have been reiterating the importance of digital transformation as a critical enabler of future success for many years in a row. We have been loud and persistent about how organizations risk lagging behind if they continue to remain prisoners of their legacy systems. But, most enterprises weren't ready to go down the road and resisted digitalization. They weren't ready to let go of their traditional wisdom and take steps in the favor of transformation. The COVID-19 pandemic, however, has forever changed their behaviors. The fear of the fallout has pushed organizations to incorporate the digital element in everything they do and operate effectively around stay-at-home orders imposed all across the world. Leaders are rushing to adopt technology-first frameworks to enable delivery at scale and drive customer service relevance.

To support this rebalancing of the business order amidst COVID-19, we have added more muscle to build a dominantly agile team and find '**infinite possibilities with technology.**' We have pivoted our attention to the new needs of the clients—automation, cloud, security, and workplace transformation—to ensure that our customers can operate at optimum levels with proper technology solutions and serve their customers safely and seamlessly. From reorganizing work arrangements, adopting agile ways of operations to enabling a porous communication



model, we have launched a bevy of measures to offer continued support to our customers and strengthen their ability to respond.

With the recent spurt in COVID-19 cases, sectors such as Travel and Transport, Hospitality, Utilities, and Retail have taken a severe beat. At Kellton Tech, we have worked assiduously to hammer out an action plan for the clients that are more vulnerable than others. As we deliver digital solutions designed for efficiency, cost-savings, and proximity to markets—while extending comprehensive support—we are mindful of our clients' budgets and acting in ways that safeguard their financial health. We are committed to achieving business success while leaving a positive imprint on our customers' growth. By adopting a flexible approach towards cost objectives, we are not only helping our customers withstand the downturn, but also facilitating sustainable income to them.

We are focused on expanding the ecosystem of our partnerships in various realms of possibility and provide the next-level support to our clients as they strive to emerge from this ongoing, unimaginable crisis. We have fostered collaborations with multiple partners, including Dell Boomi, Jitterbit, Google Cloud Apigee, and Workato, to strengthen our capability in the key technology areas and help our customers reimagine

their business DNAs. We are pumping strategic investments in our indigenous OPTIMA platform and offering it under a subscription-based model to encourage personalization. We are proactively engaged in exploring more avenues of expansion with a focus on establishing long-term resilience strategies that could be instrumental in helping our customers outmaneuver the crisis and better prepare for future disruptions.

I am immensely proud of how our exceptional leaders and employees have rallied together to help our clients drive their digital transformation—all while emphasizing the general well-being and safety of each other. We have been able to make progress on our growth strategy by embracing principles that stood the test of the time and consolidated our position as the industry's partner of choice for many successive years. We fully understand that the crisis isn't fading in a blink of an eye, and the next few months will be daunting. But, with the right partners, committed customers on our side, combined with rich domain expertise, the propensity for meaningful innovation, and a big war chest, we are well-positioned to combat and win over these turbulent times. It's more apparent than ever that technology is vital to accelerating socio-economic growth.



As we move ahead, we strive to deterministically secure our business interests and our role towards the greater good of the community by leveraging world-class technologies to their absolute best. We stay committed to aligning ourselves with the rapidly changing needs, staying nimble, and empowering our clients with solutions and services that create lasting value. We are focused on making investments to build a resilient workforce and keep them poised for the growth opportunities in the post-COVID-19 world.

I am cautiously optimistic about a swift economic revival and hope to lead more influentially in the next normal. As we navigate these uncharted waters, we look forward to your continued support and patronage.

HIGHLIGHTS  
OF THE YEAR  
**2019-2020**





## Won “Integration Partner of the Year” Award at Software AG’s Innovation Tour in London



Kellton Tech was awarded “Integration Partner of the Year” in the Software AG’s Innovation Tour organized in London.

The prestigious award encourages and motivates your company to help customers become leaders leveraging enterprise-level integration, API management, IoT, and multi-speed IT strategy. The award further showcases our determination to harness Software AG’s product suite — from webMethods to Cumulocity— and digital business platforms to delivering enterprise solutions globally.



## Bagged \$5.2 Million Contract From Food Corporation of India (FCI)



Kellton Tech has received a multi-year contract worth \$5.2 Million approximately from Food Corporation India, a statutory body under the Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

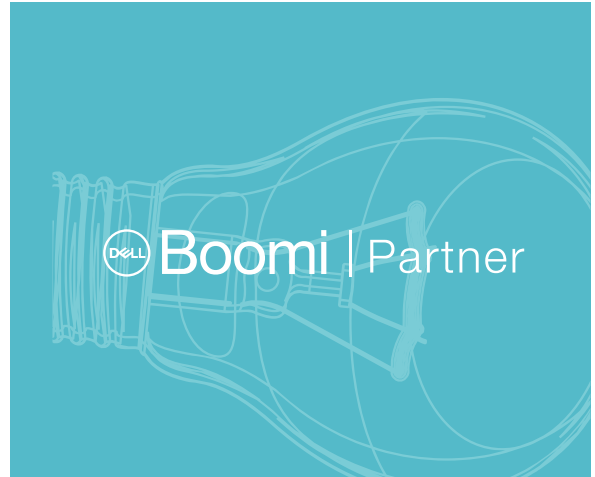
As per the contract, we will develop, implement, and maintain the HRMS (Human Resource Management System) for all the administrative offices across FCI. We will integrate a future-ready HRMS application with FCI’s existing business systems and also help with seamless data migration to ensure smooth business functioning and minimal disruption.



## Partnered With Dell Boomi to Expand iPaaS Integration Capabilities

Considering the continuously increasing demand for cloud integration solutions, Kellton Tech partnered with Dell Boomi to boost the iPaaS integration capabilities.

This strategic partnership will give us full and direct access to Dell Boomi's suite of solutions, which will empower us to help global clients leverage iPaaS integration to accelerate innovation and add cutting-edge capabilities that will deliver value. Partnering with Dell Boomi helps us succeed in expanding its digital ecosystem and strengthening integration capabilities across America, APAC, and Europe.



## Joined Software AG's "The Changemaker Network" as a Select Innovation Partner

Kellton Tech is now one of the partners in the "The Changemaker Network" initiative taken by Software AG.

As a select innovation partner, your company will be seamlessly able to harness disruptive technologies such as cloud, IoT, analytics, and more to effectively ideate, create, and engineer bespoke business solutions that can help respond to the market demands with agility.





## Partnered With Jitterbit to Strengthen iPaaS and API Integration Capabilities

In another endeavor to boost our iPaaS and API integration capabilities, we collaborated with Jitterbit, one of the world's leading provider of enterprise iPaaS, API, and cloud integration solutions.

This partnership allows us complete access to unique solutions offered by Jitterbit that we will use to help customers scale their digital integration innovation. We will help our customers and partners build compelling value propositions to connect their disparate business systems in an on-premise, cloud, or hybrid environment and deliver expertise catering to API-led integrations.



## Successfully Implemented a Cloud-Based AI-Enabled IoT Platform for the Oil and Gas Industry



In one of our successful inventions, we devised a unique solution for the oil and gas industry to help it harness the capabilities of IoT technology.

We successfully implemented Optima, a cloud-based AI-enabled IoT platform, for one of the oil and gas clients using Envision, our proprietary IoT edge device that is a remote communication modular gateway. Leveraging Optima, we will help oil and gas companies build a truly connected ecosystem. We will use digital and analog sensors to help the clients connect multiple wells, build predictive capabilities, and extract actionable insights.



## Participates in SAP Sapphire and ASUG Annual Conference



Kellton Tech has participated in SAP Sapphire and ASUG Annual Conference, an esteemed business technology event conducted every year. During the event, we have shared valuable insights on how enterprises can simplify their paths to the adoption of intelligent technologies and generate breakthrough value for growth

## Attends India Insurance Summit 2020



We have attended India Insurance Summit 2020, where a constellation of innovators and business leaders emerged to explore the future of the insurance industry.

Nitin Verma, Senior Vice President and Head of Digital Transformation – Kellton Tech, addressed the gathering and unraveled how ISMAC helps the new-age insurers reap the InsurTech benefits.



# FINANCIAL HIGHLIGHTS

EPS



2020

₹ 7.7

NETWORTH



2020

₹ 416.35 Cr

NET PROFIT



2020

₹ 70.53 Cr

TOTAL  
REVENUE



2020

₹ 774.62 Cr



## THE WORKFORCE

### Our Workforce

Fiscal 2019 truly tested the agility of our workforce and their capability concerning the delivery of digital technology solutions to clients and partners worldwide. But powered by a robust employee ecosystem and people-first strategies, we were able to successfully drive the entire workforce towards achieving organizational goals and delivering complete satisfaction to our customers.



Although customer stories and innovations reigned supreme throughout the fiscal, COVID-19 did give us some jolt initially. When the new coronavirus put most of the businesses worldwide to a halt, our sagacious leadership quickly developed business continuity plans. Employees shifted to work from home overnight. The management implemented efficient measures to ensure they are supported emotionally



and can attain operational success at all fronts, with the same enthusiasm and determination.

Our workforce proactively dabbled themselves into digital mediums while interacting and engaging with clients and partners. Therefore, they adhered to the social distancing condition enforced by governments across different world economies. The workforce rapidly adapted to the changing market scenarios and demands of the clients and continues to carry out all the business activities with minimal disruption. Despite being away from the office, we delivered on our commitments to create value for our clients, our people, and other stakeholders.

### Our Work Culture



We drive the work culture in our organization through values, principles, and behavior that shape an organic working environment. Surpassing the boundaries of people management, we focus on performance enablement and allows our workforce to make decisions with agility and speed.





We believe that the work environment plays an essential role in increasing work productivity and driving the entire workforce to achieve the defined organizational objectives. Based on this belief, we have created an ambiance that emanates a fragrance of equality, order, freedom, and flexibility.

We invested our time and resources in helping our workforce learn about new disruptive technologies and shape their skills to develop trending and differentiated solutions for our clients with confidence. The interactive sessions in the Townhall yet again proved to be meaningful and impactful throughout the fiscal.

In FY 2019-2020 also, we were successful in receiving laurels for our perceptive business approach, delivering commitments, and transforming experiences of clients, employees, and other stakeholders. Goodfirms has recognized us as the top software developer and Clutch under the 1000 best B2B software service providers. We, have made it to the Deloitte Technology Fast 50 India list and Forbes "Best



Under a Billion" list and was also awarded the "Integration Partner of the Year" award by Software AG. We have instilled a workplace culture like an intangible ecosystem that interweaves attributes and values, which make our organization a great place to work.

## Talent Acquisition



With the digital technologies driving the change in business demands, matching the right talent remained a challenge for us in fiscal 2019. Our talent acquisition team built effective sourcing strategies and initiated corporate hirings to find specialists, leaders, and executives who will drive our organization to growth and success.



Our team aligned their acquisition planning and strategies with the various departments to ensure



effective collaboration and clear communication for filling vacant positions. We further organized campus recruitment drives in the top B-Schools and made several career visits across the US, India, and Europe to inspire talents to join us and develop a meaningful and personalized relationship.



We strongly believe in providing the same growth opportunity to everyone, irrespective of caste, creed, and race. Our talent diversity and inclusion strategies form the cornerstone of our organization and drive an inclusive growth. We have embedded our hiring process with policies that keep hiring managers from getting influenced due to bias-triggering factors.

Besides, we continuously monitor our diversity efforts to ensure that we have a mixed workforce, including people with disabilities and talents belonging to different ethnic groups.



We celebrated Womens' Day with full enthusiasm

## Talent Diversity



and opened up women-only vacancies as we do every fiscal to keep the gender disparity gap in check. Our gender diversity strategies allow every individual to pursue their career goals proactively.





## Talent Development

Fiscal 2019 was mostly about attaining a holistic development for our workforce, which demanded more than just improving the skills and efficiency required to respond to the market demands aptly. We designed integrated training programs that helped us attract, engage, and retain productive employees.

We also have infinity training programs, designed especially for fresh on-campus recruits. While providing them with comprehensive training, we strictly adhere to an evaluative learning approach, wherein we align their sessions with the organizational goals. We design the training programs carefully to give them a sense of achievement and help them prepare themselves for a highly disruptive work environment.

Our agile talent development strategies essentially help our employees keep their skills and learning intact even when working from their homes. We conduct yoga and meditation sessions at regular intervals, which allow our workforce to feel content and remain free from stress at a time when COVID-19 puts social distancing to order. Our talent development programs are proving to be growth frontiers for us and have also helped mitigate attrition risks.

resource management team makes sure that the policies comply with the employment standards and regulations and helps the workforce experience complete satisfaction at work.



## HR Policies

We believe that HR policies are vital in providing control, structure, fairness, consistency, and reasonableness. Our HR policies are underpinned by agility, enabling us to optimize enterprise-wide workforce and time in the best possible way. Our human



Our HR policies are the legislation that drives our workforce and their roles during their journey. While we follow complete transparency in our processes — right from onboarding, compensation, and to health and safety — our workforce focus on understanding their responsibilities, attaining performance excellence, and achieving the predefined organizational goals.

When in the last quarter of fiscal 2019, COVID-19 forced the governments to enforce lockdowns and social distancing; our efficient HR management team ensured a smooth transition from office to work from home. Besides continuous processing of payroll, streamlined performance management and analysis, and timely delivery of awards and recognitions, the team organized employee engagement programs weekly to offer emotional and moral support to our workforce. Based on an agile and collaborative approach, our HR policies encourage and motivate our workforce to excel in whatever area they pursue.



## Talent Engagement

With the continuously happening digital and technology enhancements, talent engagement practices are stepping beyond conventional boundaries. Engagements through smart devices, social media platforms, and various digital media practices such as chats and video conferencing are in demand. We have successfully managed to gain traction across platforms.



Underpinned solidly by our culture, values, and belief towards creating an organic living workspace for our employees, we are continually evolving new practices and approaches to keep our employees virtually engaged. We created a buzz throughout fiscal 2019 by celebrating festivals, including Holi, Halloween, Christmas, and Eid, and commemorated special days such as the Fourth of July, Thanks Giving, and our Annual Day with full enthusiasm.

We have made ourselves available and accessible through major social media platforms and other digital channels to allow prospective talents to connect and engage with us seamlessly.





# Kellton Tech Global Offices 2020



USA

## D.C. Metro Area

11100 Wildlife Center Dr.  
Suite LL #150 300  
Reston, VA 20190

## NY/NJ Area

185 Hudson Street, Suite 1440  
Jersey City, NJ 07311

3 Independence Way, Suite 209  
Princeton, NJ 08540

New York City  
250 Greenwich Street  
New York, NY 10007

## Chicago Area

2001 Butterfield Rd Suite 240  
Downers Grove, IL 60515

## San Francisco Bay Area

600 California Street  
San Francisco, CA 94108

## Portland

3822 S Corbett Ave,  
Portland, OR 97239

## Houston

800 Town & Country Blvd  
Suite 300  
Houston, TX 77024



United Kingdom

Building 3, Chiswick Park  
566 Chiswick High Road  
London, W4 5YA



Ireland

The Mill,  
Newtown Link Road,  
Drogheda, Co. Louth



Poland

ul. Wyścigowa 56G lok. 2A  
Wrocław, Poland 53-012



## **India**

Corporate Headquarters  
Plot No.1367, Road No.45  
Jubilee Hills, Hyderabad 500033

## **Gurgaon**

Plot No – 404-405,  
4th & 6th Floor, ILABS Centre,  
Udyog Vihar, Phase- III,  
Gurugram, Haryana 122016

## **Pune**

329-330, Sohrab Hall,  
21 Sasoon Road,  
Pune Station,  
Pune 411001, Maharashtra

## **Bengaluru**

Quest Offices  
Raheja Towers, C1 - 10th floor,  
MG Road, Bengaluru,  
Karnataka 560001

## **Gujarat**

TCX South 24, Gandhidam,  
Gujarat - 370201

## **Visakhapatnam**

7-1-75, Encore Centre,  
Chinna Waltair Main Road,  
Kirlampudi Layout, Pedda Waltair,  
Visakhapatnam, AP – 530017

## **Singapore**

Raffles Place, 22 Malacca Street.  
#07-04 RB Capital Building,  
Singapore 048980



## Management Discussion and Analysis Report

### INDUSTRY REVIEW

#### Tracing the Footprints of the IT Industry

During the year under review, digital transformation became more indispensable than ever. Leaders adopted an aggressive stand on incubating digital offerings to become future-ready and mitigate any possible disruptions. We observed significant traction around the evolving technologies of Cloud, Artificial Intelligence (AI), and the Internet of Things (IoT).

At the same time, Robotic Process Automation (RPA) took the lead as the fastest-growing segment of the global enterprise software market as the demand for 'straight-through' processing picked. The market for hybrid integration platform witnessed a period of boom. As more and more organizations came forward to relinquish traditional wisdom and tap opportunities in the new, uber-connected world, the investments were clocked high. Our findings suggest that three factors — cost-efficiency, data interoperability, and ease of disaster recovery — have pivoted the acceleration in the hybrid cloud integration space, and are expected to stoke growth at a CAGR of 14.4% by 2022.

From a pan-industry perspective, the IT and ITES industry grew from \$170 billion in FY2019 to \$181 billion in FY2020. And, estimates suggest that revenue from digital will contribute 38% in the future revenue of the IT and ITES industry. Cut to India; the country ascended to become the world's larg-

est digital capability hub, employing over 4.1 million individuals with a budget of about \$90 billion in FY2019. The industry body NASSCOM estimates that in fiscal FY20, the Indian IT services grew by 6.7% and approached the \$100 billion mark. The BPM sector grew by 8%, and together with IT services and the ER&D sector, garnered \$175 billion in revenue. The growth momentum, however, has been hindered by the outbreak of the COVID-19 virus. Resources are indeed stretched thin; however, a new industrial era is undeniably ushering with the rapid adoption of virtual experiences, development of future-ready digital infrastructure, and hyper-personalization of customer experiences.

Kellton Tech facilitates its customers' digital transformation journeys by applying agile, innovative, and outcome-led methodologies at the core of business challenges. We thrive by leveraging the meaningful value around the IoT, Cloud Computing, AI, Machine Learning (ML), Conversational Bots, and Big Data to help customers turn digital investments into high-growth engines. Our Center of Excellence (COE) brings further multi-disciplinary teams and versatile delivery capabilities from across the globe to continually ideate and build relevant solutions that can illuminate pathways towards an intelligent tomorrow.



## COVID-19

### Unraveling the Impact on Economic Trajectory

The coronavirus pandemic is the most unprecedented, volatile, and globally disruptive event the world has witnessed in decades. Serving a stark reminder to the fact that we can never outwit nature, the crisis has pushed world economies into a tailspin, impacted millions of lives and livelihoods, and continues to keep the hopes of recovery in the blur. The economic fallout has aggravated the descent into recession with staggering levels of unemployment not experienced since the Great Depression of the 1930s. Estimates so far indicate that the global economy could contract as much as 3% in 2020, with a partial recovery in 2021 only if the second wave of infections doesn't hit. Global trade could fall by 13% to 32% depending on the scale and severity of the economic downturn, suggesting a burden on trade and commerce across developed, emerging, and dependent economies.

For the US and the UK, the worst fears are becoming a reality. The second quarter of 2020 set a grim record with the GDP of the US economy falling by 9.5%. The employment-population ratio — the numbers of employed people as a percentage of the US adult population—plunged to 52.8%, suggesting the over 42.7% of Americans are jobless. The International Monetary Fund (IMF) had forecasted that the US economy would contract 5.9% in 2020 before recovering at 4.7% in 2021. Unemployment is expected to rise above 15%, with disruption tearing through the labor market. As far as the UK economy is concerned, the economic output has shrunk by 20.4% in the second quarter of 2020. The crash in the GDP is the worst since quarterly records began in 1945.

The European Commission, in its July 2020 economic forecast, has said that the EU GDP would fall by 8.3% in 2020 before registering a moderate growth of 5.8% in 2021. The Commission stated that: "Given the severity of this unprecedented worldwide shock, it is now quite clear that the EU has entered the deepest economic recession in the industry." The IMF, on the other hand, has forecasted that the EU economy will weaken by 7.5% in 2020, with levels of unemployment increasing with a snowballing effect.

The massive shock of the coronavirus pandemic and a nationwide lockdown imposed in the last week of March to break the chain of infections crippled the Indian economy, but hopes of recovery are running high. As per the Dun and Bradstreet global report, India could witness a negative growth of 4.5% in the 2020 fiscal before recovering at 6.3% in 2021. The IMF estimates India's growth to pick steam at 1.9% in FY20 before experiencing a healthy rebound at 7.4% in FY21. The Indian government announced a whopping ₹20 Trillion stimulus package in tranches to soften the devastating blow of the pandemic that upended livelihoods and pushed businesses to the edge of the bankruptcy. The Reserve Bank of India (RBI) took decisive action by announcing a slew of measures, including policy rate cuts, loan moratoriums, and ease of working capital funding to help the economy heal.



## FINANCIALS

### Building a Fortress Balance Sheet

During the year under review, we registered a steady and sustainable financial performance mapped across several parameters, including revenue, profits, cash flows, and deal wins. Revenue of FY20 can not be compared with FY19 as we sold a US subsidiary called of Supreme Soft Global with revenue of \$12 million. The numbers represent the growth achieved across geographies, driven by our ability to create a superior brand resonance through technology, investments, and partnerships. Our net worth grew 26% in FY20, a noticeable promotion over the figures recorded in FY19

## STRATEGY AND EXECUTION

### Reinventing the Core to Soar

Our commitment to delivering value to our clients at all times is a testimony to our operating efficiency as a digital transformation leader. In the COVID-19 era, we have our business continuity plans intact, and we are determined to empower every person and every organization to achieve more. We are continuously monitoring the impact of the pandemic across socio-economic spheres and making investments in the right capabilities to support new demands. Our real strength lies in our ability to create technology-agnostic solutions for our clients. We believe that the one-size-fits-all approach can never accommodate the vast choices and preferences of our clients, which is why we are unbiased towards the use of any technology to solve their business challenges.

With a well-defined Business Risk Management System sitting at our business core, we are poised to deliver on our commitments in the true spirit of the partnership. Our core response team is addressing

all aspects needed to ensure business and financial resilience for our clients, including situation monitoring, risk assessment and mitigation, scenario planning, and stakeholder communications, among more. Team leaders have contributed to establishing a robust, two-way communication model to connect with local teams and ensure task execution at the speed of change. Most importantly, we are working in tandem with our central and state governments, industrial bodies, and subject matter experts to make sure that our actions are guided towards the benefit of the community we live and work for, and comply with regulations.

## CHALLENGES AMID COVID-19

### The Disruptive Headwinds

Towards the end of FY20, the COVID-19 emerged, leaving global businesses in a state of disruption and uncertainty. The crisis hampered the supply chains, triggered a fall in the equity markets, wiped off millions of jobs, and slowed down the global economy. It was the worst the world has ever seen since the Great Depression of the 1930s. However, the human spirit – tenacious and unswerving – sprung in action to overcome the crippling challenges. Digital came in for praise to lead enterprises towards reinvention, greater stability, and continue responding to the market needs. Kellton Tech was agile and decisive in ensuring the safety of our employees while resorting to alternate business models to support our customers. The entire organization rose to the challenge and showed ‘performance with purpose’. Among the multiple steps taken, one of the most important was our due compliance with the government regulations, quickly implementing the work-from-home model, and scaling disaster recovery measures with time.





Since March, the crisis has evolved into an acute global pandemic and continues to pose new challenges. Ensuring our part in minimizing community exposure while relentlessly contributing to our customers' growth remains the top priority for our organization. We are dedicatedly at work to mitigate the impacts of COVID-19 and hopeful of a quick recovery.

## RISK CLASSIFICATION AND MITIGATION

### The Road to Resilience

As a globally operative enterprise, our risks are manifold and marked by variety. During the year in review, we remained steadfast and determined in our efforts to support business continuity for our customers as we navigated challenges posed by ongoing technological disruptions, unanticipated exogenous events such as COVID-19, employee hiring and attrition, the propagation of cybercrime, liquidity issues, geopolitical volatilities, and more. By leveraging appropriate measures to ensure risk prioritization and mitigation, we tackled every harm thrown our way with confidence and enhanced our brand value as a whole. This may not be an all-inclusive list of challenges, but we tried to provide a general view of what we faced and how we grappled with operational difficulties in FY20. More exigencies could emerge in the future, and whatever they might be, we promise to take necessary actions with thorough planning and agility and sustain.

- **Market Disruptions:** Technologies are ephemeral. New trends—rich, coherent, and meaningful—keep emerging and drive out the old ones. As an organization, we have always stayed true to our reputation of being an early mover in adapting to evolving technologies, and the FY20 was no different.

We experienced disruptions time and again as the trends shifted, but on account of our aggressive investment and partnership strategy, we were able to cushion the blow. By relying on a team of expert solution-finders and its proactive outlook, we were ready to tackle supply-side factors and obsolescence risks in time, explored new avenues of expansion, and continued deriving lasting value.

- **Natural Crises Including the COVID-19 Pandemic:** The COVID-19 pandemic brought a deluge of challenges, affecting our ability to execute on our existing client engagements and seize new business opportunities. Responding to these emerging business behaviors underscored the need to act with agility and outline tactical maneuvers. We quickly mobilized the resources needed to bring back our employees dispersed all across the world and deployed 90% of our workforce in a work-from-home environment across phases. We accelerated structural changes to effectively respond to the emerging circumstances and deliver digital experiences that people need and want — all while dealing with the matters of security with stronger barricading techniques.

- **Employee-Related Risks:** Constraints in hiring talent and staff shortages caused by the process of attrition exacerbate process execution challenges and result in a decline of business activity. Although we made concentrated efforts in streamlining our hiring processes, inspiring a harmonious organizational culture, and retaining the best talent, the COVID-19 crisis did pose critical challenges. Establishing virtual interviewing and onboarding processes in a limited timeframe was a tall order. Organizing training sessions that could impart the same level of valuable insights required detailed deliberations. Fortunately, we were able to devise fit-to-purpose plans for aligning hiring and onboarding processes



with the changing dynamics, ensuring the requisite infrastructure benchmarked to market standards, and promoting a healthier, more resilient workforce culture.

- **Cybersecurity Challenges:** Cybercrime is relentlessly evolving with respect to what and how it attacks. Business systems with mission-critical data are being hacked to unleash serious disruptions and jeopardize operating stability. Among the issues addressed in FY20, we paid special attention to cybersecurity and counter-cyberterrorism. We built a robust cybersecurity risk measurement apparatus to measure our organization's levels of risk and preparedness on an ongoing basis while initiating insight-driven security management decisions for more definite data governance. Our team sent out internal emails regularly to spread awareness about evolving target mechanisms, such as phishing and ransomware, and help employees play an active role in limiting the operational impact of cyberattacks.

- **Liquidity Risks:** Every business enterprise faces liquidity risks that are waiting to implode. Being a digital transformation company with sustainability as a mainstay, we strengthened our processes for contract evaluation, enabled more reliable vetting procedures, monitored and met global compliance standards timely, performed stress testing, and shored up account management practices at scale.

## INVESTMENTS IN NEW TECHNOLOGIES

### Reimagining Business Innovation

As our customers navigate digital futures, they remain in a constant need of fresh, cutting-edge technology solutions that can eliminate friction points and spur efficiency. Discovering innovative opportunities is fundamental to how we work with our

clients. During the year under review, we made strategic investments in enhancing our IoT, Cloud, AI, Blockchain, and Cybersecurity capabilities to embed sustainability into our company's DNA, while taking the pulse of changing times and adjusting the course of action to be able to move into new periods of growth. As a result, we were able to build POCs that aligned with our customers' expectations and helped them narrow down a path with greater assurance.

Growth was the watchword of our global partnership outlook this year. We allied with some industry-leading service providers to strengthen our innovation portfolio and help our customers achieve goals across short, medium, and long-term business horizons. In 2019, we continued to make substantial investments in scaling our API Management capabilities. It's known that APIs are the building blocks of today's digital economy. Enterprise leaders are taking a long, hard look at API-focused solutions that can provide maximum impact in terms of speed, capacity, and cost. For helping them create a well-orchestrated, well-governed API ecosystem, we expanded our partnerships with Software AG, IBM, and MuleSoft to tactically access their comprehensive suite of solutions and nurture more profound innovation.

An important milestone this year was our progress in strengthening our cloud and IoT capabilities. We forged new & more meaningful partnerships with leading cloud and IoT service providers, including AWS IoT, Software AG Cumulocity, Google Cloud IoT, and PTC Thingworks, to scale our digital expertise and expand our creative as well as strategic rigor. Our work in the space of the Blockchain technology is among the most exciting headway we made as we look back. For one of our healthcare customers, we built a smart and integrated mam-



mography solution that helped women request, manage, and share mammography reports through a single platform while securing their identities. Our solution was one-of-a-kind and proved an advantage they needed to seize the competitive edge.

Moving ahead, we will continue to optimize our digital capabilities better and bolster our partner ecosystem in real earnest. Our aim is to deliver more value to customers and communities we work with while facilitating sustainable revenue for our shareholders. That said, we will exhibit an unflinching commitment to quality, recruit and retain the best talent across the board, invest in upskilling opportunities, establish long-term partnerships, inspire a healthy work environment, and take more measures that could help us innovate incrementally and identify infinite possibilities with technology.

## **INTERNAL CONTROL SYSTEM**

### **Prioritizing Compliance**

Adhering to global operational standards and ensuring that our assets are delivering optimum performance is a key imperative to follow. We have an internal control system, managed by a highly proficient team of auditors, which continually assesses systems and processes for effectiveness while documenting policies and procedures needed to remain relevant. Regular audit reports are created to determine the current state and maturity levels of our working ecosystem. The Board Committee, helming the Internal Control System, keeps a persistent look at the global operations, reviews adherence to standards, and is always conscious to learn about the emerging protocols while suggesting a pragmatic action plan to implement them. We, at Kellton Tech, are always endeavoring to encourage the desirable behavior and more effective commands to obtain compliance—all while serving our customers with as good the technical, operational, and financial capacity as possible.



# Corporate Information

## BOARD OF DIRECTORS

- |    |                                  |                                       |
|----|----------------------------------|---------------------------------------|
| 1. | Mr. Niranjan Chintam             | - Chairman & Whole-Time Director      |
| 2. | Mr. Krishna Chintam              | - Managing Director                   |
| 3. | Mr. Karanjit Singh               | - Whole-Time Director                 |
| 4. | Mr. Srinivas Potluri             | - Non-Executive Director              |
| 5. | Mr. BrijmohanVenkata Mandala     | - Independent, Non-Executive Director |
| 6. | Mr. Srinivasa Vijay Kumar Appana | - Independent, Non-Executive Director |
| 7. | Mr. P Srinivasa Rao              | - Independent, Non-Executive Director |
| 8. | Ms. Kunda Kalpana                | - Independent, Non-Executive Director |

## KEY MANAGERIAL PERSONNEL

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Mr. Niranjan Chintam        | Whole Time Director & Chief Financial Officer  |
| 2. | Mr. Krishna Chintam         | Managing Director & Chief Executive Officer    |
| 3. | Mr. Karanjit Singh          | Whole-Time Director                            |
| 4. | Mr. Ahsan Ali Hussain Ajani | Company Secretary (Resigned w.e.f. 16.04.2020) |
| 5. | Ms. Surabi Jain             | Company Secretary (Appointed w.e.f 08.05.2020) |

## COMMITTEES OF THE BOARD

### Audit Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Chairman
Mr. Srinivasa Vijay Kumar Appana	Non-Executive Independent Director	Member
Mr. Niranjan Chintam	Executive Director	Member

### Nomination & Remuneration Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Srinivasa Vijay Kumar Appana	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Srinivas Potluri	Non-Executive Director	Member
Mr. Niranjan Chintam	Executive Director	Member



## Stakeholders Relationship Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Chairman
Mr. Srinivasa Vijay Kumar Appana	Non-Executive Independent Director	Member
Mr. Krishna Chintam	Executive Director	Member

## Corporate Social Responsibility Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Srinivasa Vijay Kumar Appana	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Krishna Chintam	Executive Director	Member

## Securities Issuance Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Niranjana Chintam	Executive Director	Chairman
Mr. Krishna Chintam	Executive Director	Member
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member

## Risk Management Committee

<b>Name</b>	<b>Category of Director</b>	<b>Designation</b>
Mr. Srinivasa Vijay Kumar Appana	Non-Executive Independent Director	Chairman
Mr. Brijmohan Venkata Mandala	Non-Executive Independent Director	Member
Mr. Niranjana Reddy Chintam	Executive Director	Member

**CORPORATE IDENTITY NUMBER : L72200TG1993PLC016819**

## **CORPORATE OFFICE & REGISTERED OFFICE**

Plot No. 1367, Road No. 45,  
Jubilee Hills, Hyderabad  
Telangana – 500 033  
Tel No - 040-44333000  
Email id: [compliance@kelltontech.com](mailto:compliance@kelltontech.com)  
Website: [www.kelltontech.com](http://www.kelltontech.com)

## **STATUTORY AUDITORS**

M/s. PARY & Co  
Chartered Accountants,  
Flat No.403, Block -a, Ameer Estates, S R Nagar  
Hyderabad - 500038, Telangana  
Email Id: [vamshikrishna@paryca.org](mailto:vamshikrishna@paryca.org)  
Tel No.: 040-23741985

## **INTERNAL AUDITOR**

Ravindhar Reddy  
Chartered Accountant

## **SECRETARIAL AUDITOR**

Mr. NVSS Suryanarayana Rao  
Practicing Company Secretary

# KELLTON TECH SOLUTIONS LIMITED



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## **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**

<https://www.kelltontech.com>

## **BANKERS**

Axis Bank  
Corporate Banking Branch , Hyderabad – 500 034  
IndusInd Bank, Sardar Patel Rd, Begumpet,  
Secunderabad, Telangana 500003

## **COMPLIANCE OFFICER**

**Ms. Surabi Jain**  
Company Secretary  
Email id: [compliance@kelltontech.com](mailto:compliance@kelltontech.com)

## **STOCK EXCHANGES WHERE COMPANY'S SECURITIES ARE LISTED**

The BSE Limited  
The National Stock Exchange of India Ltd.



## NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 26<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF KELLTON TECH SOLUTIONS LIMITED ("THE COMPANY") WILL BE HELD ON MONDAY, SEPTEMBER 28, 2020 AT 11:00 A.M IST THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS :

#### 1. Adoption of financial statements

To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors ("the Board") and auditors thereon.

#### 2. Appointment of Mr. Srinivas Potluri (DIN: 03412700) as director liable to retire by rotation

To appoint a director in place of Mr. Srinivas Potluri (DIN: 03412700), Non-Executive Director, who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

#### 3. Appointment of M/s. Anant Rao & Malik (FRN: 006266S) as Statutory Auditor of the Company

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

##### a) To fill the casual vacancy:

**"RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and upon recommendation of Audit Committee & Board of Directors, M/s. Anant Rao & Malik, Chartered Accountants having FRN: 006266S, be and are hereby appointed as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/s. PARY & Co, Chartered Accountants having FRN: 007288C.



**RESOLVED FURTHER THAT** M/s. Anant Rao & Malik, Chartered Accountants having FRN: 006266S, be and are hereby appointed as Statutory Auditors of the Company to hold the office from July 31, 2020, until the conclusion of the ensuing 26th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be mutually agreed with the board of Directors.

**RESOLVED FURTHER THAT** any of the Board of Directors, be and is, hereby empowered and authorised to take such steps, in relation to the above and to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary E-Forms with Registrar of Companies.”

**b) For a period of five years:**

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon recommendation of the Audit Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to appoint M/s. Anant Rao & Malik, Chartered Accountants having FRN: 006266S, as the Statutory Auditors of the Company to conduct the statutory audit for a period of five years commencing from the conclusion of this 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company at such remuneration and out-of-pocket expenses, as may be mutually agreed with the Board of Directors.

**RESOLVED FURTHER THAT** any of the Board of Directors, be and is, hereby empowered and authorised to take such steps, in relation to the above and to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary E-Forms with Registrar of Companies.”

**SPECIAL BUSINESS:**

**4. To re-appoint Mr. Krishna Chintam (DIN: 01658145) as Managing Director of the Company**

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the





time being in force) read with Schedule V to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as recommended by the Nomination and Remuneration Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Krishna Chintam (DIN: 01658145) as the Managing Director of the Company for a period of 3 (Three) years, commencing from 08.04.2021 and ending upto 08.04.2024, on such remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** Mr. Krishna Chintam, as Managing Director will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time upon the recommendation of Nomination and Remuneration to an extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013

**RESOLVED FURTHER THAT** in the event in any financial year during his tenure, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay, remuneration in accordance with the limits as per the provisions of Schedule V of Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time upon the recommendation of Nomination and Remuneration to an extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013."

## **5. To re-appoint Mr. Karanjit Singh (DIN: 06898258) as Whole Time Director of the Company**

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:



**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), as recommended by the Nomination and Remuneration Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Karanjit Singh (DIN: 06898258) as Whole Time Director of the Company for a period of 3 (Three) years, commencing from 29.03.2021 and ending upto 29.03.2024 on such remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** Mr. Karanjit Singh as Whole Time Director will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company’s business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

**RESOLVED FURTHER THAT** in the event in any financial year during his tenure, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay, remuneration in accordance with the limits as per the provisions of Schedule V of Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time upon the recommendation of Nomination and Remuneration to an extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Directors and Company Secretary of the Company be and are hereby severally authorized to file the necessary forms with concerned Registrar of Companies and to do all such acts, deeds and things as may be required or considered necessary for this purpose.”

## **6. To re-appoint Mr. P Srinivasa Rao (DIN: 06805347) as an Independent Director of the Company**

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:



**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), as recommended by the Nomination and Remuneration Committee and Board of Directors, consent of the Members of the Company be and is hereby accorded to re-appoint Mr. P Srinivasa Rao (DIN: 06805347) as non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who shall hold office for five (5) consecutive years commencing from 16.02.2021 upto the period ended 15.02.2026, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as it may deem necessary, desirable or expedient and to do all acts, deeds and things in connection therewith and incidental in order to give effect to this resolution.”

## **7. To issue 80,00,000 convertible Warrants on preferential basis**

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) (the “Act”), the Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended from time to time (the “Listing Regulations”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”), the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time (the “SAST Regulations”), the Foreign Exchange Management Act, 1999, as amended from time to time, and listing agreement entered by company with BSE Limited and National Stock Exchange of India (NSE), as may be applicable to the preferential issue of warrants and other applicable regulations of SEBI, if any, and subject to all other applicable laws, rules, regulations, circulars and guidelines and subject to such approvals, permissions, sanctions and consents as may be necessary or required from regulatory or other appropriate authority, and on such terms and conditions (including any alterations, modifications, correc-



tions, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as “**Board**” which term shall include any duly constituted and authorized committee thereof to exercise its powers under this resolution), and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time, in one or more tranches, upto 80,00,000 convertible warrants and the warrants shall be convertible into equal number of Equity Shares of the face value of Rs. 5/- each of the Company (“Equity Shares”) with in a period not exceeding 18 months from the date of allotment of warrants, as mentioned in the explanatory statement, at an issue price of Rs. 25 per convertible warrant (which includes a premium of Rs. 20.00/- per warrant) determined in accordance with the SEBI (ICDR) Regulations, 2018 and subsequent amendments thereto, to the below-mentioned Proposed Equity Allottee in the manner as:

SI. No	Name of the Proposed Allottee(s)	Category	No of warrants
1	Summit Fincap, LLC	Non-Promoter	60,00,000
2	Karanjit Singh	Non-Promoter	15,00,000
3	Srinivas Potluri	Non-Promoter	5,00,000

**RESOLVED FURTHER THAT** the warrants shall rank pari-passu with the existing Equity shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue, including reduction of the size of the issue, as it may deem expedient, in its discretion.

**RESOLVED FURTHER THAT** the aforesaid issue of the Warrants shall be on the following terms and conditions:

(i) In accordance with the provisions of ICDR Regulations, the “Relevant Date” for the purpose of calculating the price of Warrants to be issued on preferential basis shall be August 28, 2020, being the date 30 days prior to the date of passing of this Special Resolution by the Members of the Company;



(ii) An amount equivalent to 25% of the Warrant Issue Price shall be payable at the time of subscription and allotment of each Warrant and the balance 75% shall be payable by the Warrant holder(s) on the exercise of the Warrant(s).

(iii) The tenure of Warrants shall not exceed 18 (Eighteen) months from the date of allotment of the Warrants.

(iv) The Warrant Holder shall be entitled to exercise the option of conversion of any or all of the Warrants in one or more tranches by way of a written notice to the Company, specifying the number of Warrants proposed to be converted along with the aggregate amount thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant Holder;

(v) If the entitlement against the Warrants to apply for the Equity Shares is not exercised within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant holder to apply for Equity Shares of the Company along with the rights attached thereto shall lapse and any amount paid on such Warrants shall stand forfeited;

(vi) Upon exercise by the Warrant Holder, the option to subscribe to Equity Share attached to any or all of the Warrants, the Company shall issue and allot appropriate number of Equity Shares and perform all such actions as are required to give effect to such issue, including but not limited to delivering to the Warrant Holder, evidence of the credit of the Equity Shares to the depository account of the Warrant Holder and entering the name of the Warrant Holder in the records of the Company (including in the Register of Members of the Company) as the registered owner of such Equity Shares;

(vii) The Warrants by itself until exercise of option and issue and allotment of Equity Shares, does not give to the Warrant Holder thereof any rights with respect to that of a shareholder of the Company;

(viii) The Warrants and pre-preferential shareholding of the Proposed Allottee and Equity Shares to be allotted on conversion of warrants shall be subject to lock-in as stipulated under the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Warrants shall be issued and allotted by the Company to the Warrant Holder within a period of 15 days from the date of passing of this resolution, provided that where the allotment of the said Warrants is pending on account of pendency of any approval for such allotment by any



regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of such approval.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to, do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable to give effect to the above resolutions, including without limitation to issue and allot Equity Shares upon exercise of the Warrants, to issue certificates/ clarifications on the issue and allotment of Warrants and thereafter allotment of Equity Shares further to exercise of the Warrants, effecting any modifications to the foregoing (including to determine, vary, modify or alter any of the terms and conditions of the Warrants including deciding the size and timing of any tranche of the Warrants), entering into contracts, arrangements, agreements, memoranda, documents to give effect to the resolutions above (including for appointment of agencies, consultants, intermediaries and advisors for managing issuance of Warrants and listing and trading of Equity Shares issued on exercise of Warrants), including making applications to Stock Exchanges for obtaining of in-principle approval, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/ or such other authorities as may be necessary for the purpose, seeking approvals from lenders (where applicable), to take all such steps as may be necessary for the admission of the Warrants and Equity Shares (to be issued on exercise of the Warrants) with the depositories, viz. NSDL and CDSL and for the credit of such Warrants / Shares to the respective dematerialized securities account of the proposed allottees, and to delegate all or any of the powers conferred by the aforesaid resolutions on it to any committee of directors or any director(s) or officer(s) of the Company and to revoke and substitute such delegation from time to time, as deemed fit by the Board, to give effect to the above resolutions and also to initiate all necessary actions for and to settle all questions, difficulties, disputes or doubts whatsoever that may arise, including without limitation in connection with the issue and utilization of proceeds thereof, and take all steps and decisions in this regard.

**RESOLVED FURTHER THAT** all actions taken by the Board or committee(s) duly constituted for the this purpose or in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.”



By the order of the Board

For **Kellton Tech Solutions Limited**

Sd/-

**Krishna Chintam**

**Managing Director**

DIN: 01658145

**Place:** Hyderabad

**Date:** 01.09.2020

**Registered Office**

Plot No. 1367, Road No. 45,

Jubilee Hills,

Hyderabad – 500 033

Telangana



## NOTES :

**1.** 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 the listing regulations. The Directors have furnished the requisite declarations for their appointment/re-appointment.

**2.** As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. In this regard, the 26th Annual General Meeting will be held through VC/OAVM and Members can attend and participate in the ensuing AGM through VC/OAVM. Since the AGM will be held through VC, the route map, proxy form and attendance slip are not attached to this Notice.

**3.** Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Company through its registered mail id - [compliance@kelltontech.com](mailto:compliance@kelltontech.com) or upload on the VC portal / e-voting portal.

**4.** The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 28, 2020. Members seeking to inspect such documents can send an email to [compliance@kelltontech.com](mailto:compliance@kelltontech.com).

**5.** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

**6.** The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Com-





mittee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

**7.** The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

**8.** Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.

**9.** In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.kelltontech.com/investors/reports-and-filings>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

**10.** The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

**11.** Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542) or call on (022-23058542/43). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing user ID and password for casting the vote.

**12.** Members holding shares in physical form should inform the Company's Registrar and Transfer Agents, XL Softech System Limited of any change in their registered address/updation of email ID/change in e-mail address. Similarly, Members holding shares in electronic form should inform their Depository Participants (DP) of any change in their registered address, mandate/e-mail address.

**13.** 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.

**14.** As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The form can be downloaded from the Company's website. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.



**15.** SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.

**16.** 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.

**17.** 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.

**18.** The Board has appointed Mr. N.V.S.S. Suryanarayana Rao, Practicing Company Secretaries, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

**19.** The Scrutinizer will submit his report to the Chairman of the Company ('the Chairman') or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, NSDL, and RTA and will also be displayed on the Company's website <https://www.kelltontech.com/investors/reports-and-filings>.

## THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

**(i)** The voting period begins on Friday, September 25, 2020 at 9:00 AM (IST) and ends on Sunday, September 27, 2020 at 5:00 P.M. (IST). 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 i.e. 21.09.2020 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" module.

**(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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

**OR**

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

**(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 e-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:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <p>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).</p>

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

**(x)** Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 <Company Name> 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.

**(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)** Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

## **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

**1.** For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

**2.** For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.



## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [compliance@kelltontech.com](mailto:compliance@kelltontech.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## EXPLANATORY STATEMENT

(As required under Section 102 of the Act, the following explanatory statement sets out all material facts relating to business mentioned under Item Nos. 3 to 7 of the accompanying Notice and should be read as forming part of the Notice)

### Item No.3 -

The Members of the Company at the 25th Annual General Meeting held on September 27, 2019 has approved the appointment of M/s. PARY & Co., Chartered Accountants (FRN: 007288C) as the Statutory Auditors of the Company for a term of five years.

M/s. PARY & Co, Chartered Accountants have tender their resignation as the Statutory Auditor of the Company, resulting in a casual vacancy in the office of the Auditors of the Company w.e.f. July 27, 2020, as per



section 139(8) of the Companies, Act, 2013. In accordance with aforesaid provisions of the Act, the casual vacancy caused by the resignation of the Statutory Auditors shall be filed by the Board within a period of thirty days and such appointment shall also be approved by the members of the Company within three months of the recommendation of the Board.

Accordingly, based on the recommendation of the Audit Committee and confirmation received from M/s. Anant Rao & Malik., Chartered Accountants, on their eligibility, the Board recommends to the members for the appointment of M/s. Anant Rao & Malik, Chartered Accountants having FRN: 006266S as the Statutory Auditors of the Company:

**a)** to fill the casual vacancy caused by the resignation of M/s. PARY & Co., Chartered Accountants (FRN: 007288C) and to hold the office of the Statutory Auditors upto the conclusion of this Annual General Meeting and

**b)** for a period of five years, from the conclusion of the 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company.

In regards to appointment of Statutory Auditors referred to in item no. 3 of the Notice, the brief profile of the Auditors is as under:

M/s. Anant Rao & Malik, Chartered accountant (FRN: 006266S), has a strong team guided by partners, constituted on August 10, 1983 and having its registered office at B-409 / 410, Kushal Towers, No. 6-2-975, Khairatabad, Hyderabad - 500 004.

The firm provides diversified services in the field of Audit and Assurance Services, Taxation Services, NCLT Assurance Matters, Due Diligence Matters for more than 35 years.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice. The Directors recommend the resolution for approval by the members

#### **Item No.4 - To re-appoint Mr. Krishna Chintam (DIN: 01658145) as Managing Director of the Company**

The Board of Directors, at its Meeting held on September 01, 2020 re-appointed Mr. Krishna Chintam as Chairman & Managing Director with effect from 09.04.2021 for a period of three years i.e. upto 08.04.2024 on the terms and conditions as recommended by the Nomination and Remuneration Committee, as set out in the resolution, subject to the approval of shareholders of the Company.



Your Directors recommend that the said resolution may be passed as Special Resolution.

The Directors are of the view that the re-appointment of Mr. Krishna Chintam (DIN: 01658145), as Managing Director will be beneficial to the operations of the Company and hence said resolution is being placed before the members for their approval.

Except Mr. Krishna Chintam and Mr. Niranjan Chintam, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in this resolution.

## **Item No.5 - To re-appoint Mr. Karanjit Singh (DIN: 06898258) as Whole Time Director of the Company**

The Board of Directors, at its Meeting held on September 1, 2020, re-appointed Mr. Karanjit Singh as Whole Time Director with effect from 29.03.2021 and ending upto 29.03.2024 i.e. for a period of three years on the terms and conditions as recommended by the Nomination and Remuneration Committee, as set out in the resolution, subject to the approval of shareholders of the Company

Your Directors recommend that the said resolution may be passed as an Ordinary Resolution.

Except Mr. Karanjit Singh, none of the Directors, Key Managerial Personnel and their relatives may be deemed to be concerned or interested in the Resolution.

## **Item No. 6 - To re-appoint Mr. P Srinivasa Rao (DIN: 06805347) as an Independent Director of the Company**

Mr. P Srinivasa Rao was appointed as an Independent Director on 16.02.2016 for the term of 5 years. Further, he has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed there under for appointment as an Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the re-appointment of Mr. P Srinivasa Rao as an Independent Director is now been placed before the members for their approval.

A copy of the terms and conditions of re-appointment of the above Director is available for inspection at the registered office of the company during the business hours on any working days.

None of the Directors and Key Managerial Personnel as may be deemed to be concerned or interested in the resolution.





## **Item No. 7 - Material Facts Relating to the issue of warrants on preferential basis**

The special resolution as mentioned under item 7 of the notice have been proposed to authorize the Board of directors to issue and allot up to maximum of 80,00,000 convertible warrants in such manner and on such terms of conditions as prescribed under SEBI (ICDR) Regulations and in compliance with Sections 42 and 62 and other applicable provisions of the Companies Act, 2013, the companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014.

The Information pertaining to the proposed preferential allotment in terms of the Part III of Chapter V of SEBI (ICDR) Regulations, 2018 and subsequent amendments there to is as stated below:

### **a) Object(s) of the issue through preferential issue:**

- i.** To fund long term capital requirements for future growth of the company
- ii.** To meet working capital requirement
- iii.** To meet General Corporate Purpose

### **b) Maximum Number of Specified Securities to be issued:**

The Company is proposing to issue and allot up to maximum of 80,00,000 convertible warrants to the proposed allottees in terms of the Chapter V of SEBI (ICDR) Regulations, 2018.

### **c) Intent of the promoters, directors or key managerial personnel of the issuer and proposed allottee to subscribe to the offer;**

The proposed allottee would fall under the public category as mentioned in point no. (d). The said allottee proposes to subscribe for 80,00,000 compulsorily convertible warrants. The requirement of issue of warrants on preferential basis is necessitated to fulfill the objects as mentioned in point No. (a).

Except Mr. Karanjit Singh (Non-Promoter, Director) and Mr. Srinivas Potluri (Non- Promoter, Whole time Director), none of the other Directors, promoter or Key Managerial Personnel intends to subscribe to any warrant pursuant to this preferential issue of compulsorily convertible warrants.



## d) The shareholding Pattern of the Issuer before and after the preferential issue:

Shareholding pattern before and after the proposed preferential issue of Equity Shares is as follows-

Category	Pre-Preferential Allotment		Issue of warrants	Post Preferential Allotment	
	Number	%		Number	%
A. Promoters					
a) Individual/HUF	23,94,384	2.48	-	23,94,384	2.29
d) Bodies Corp.	5,44,37,740	56.48	-	5,44,37,740	52.15
Total-A	5,68,32,124	58.96	-	5,68,32,124	54.45
B. Public	3,95,50,344	41.04	80,00,000	4,75,50,344	45.55
Total-B	3,95,50,344	41.04	-	4,75,50,344	45.55
Total-A+B	<b>9,63,82,468</b>	<b>100</b>	<b>80,00,000</b>	<b>10,43,82,468</b>	<b>100</b>

**Note:** The above mentioned pre and post issue shareholding pattern of the Company is on a fully diluted basis.

## e) The Time within which preferential issue shall be completed:

In terms of Regulation 170 of the SEBI ICDR Regulations, preferential allotment of Warrants will be completed within a period of 15 (fifteen) days from the date of passing of the Special Resolution by the Shareholders of the Company provided where the allotment is pending on account of any approval from any regulatory authority / Central Government the allotment of warrants shall be completed by the Company within a period of 15 days from the date of such approval.



**f) Identity of the natural persons who are the ultimate beneficial owners of the warrants proposed to be allotted and/or who ultimately control the proposed allottee, the percentage of post-preferential issued capital that may be held by the said allottee and change in control, if any, in the Company consequent to the preferential issue:**

S. No	Identity of the proposed preferential allottee	Category	Ultimate Beneficial Owner	Pre Issue Share-holding		No. of warrants to be issued	Shareholding post exercise of warrants	
				No. of equity share	% of Holding		No. of equity share	% of Holding
1	Summit Fincap, LLC	Non-Pro-moter	1. P. Ramana 2.V.Pratap Reddy	--	--	60,00,000	60,00,000	5.748
2	Mr. Karanjit Singh	Non- Pro-moter	Karanjit Singh	3,73,490	0.387	15,00,000	18,73,490	1.794
3	Mr. Srinivas Potluri	Non- Pro-moter	Srinivas Potluri	3,33,332	0.345	5,00,000	8,33,332	0.798
	Total			7,06,822	0.733	80,00,000	87,06,822	8.341

**Note:**

- The pre-preferential percentage of shareholding has been calculated on the basis of present equity share capital of company.
- The post preferential percentage of shareholding has been calculated on the basis of post emerging equity share capital of company assuming allotment of equity shares as proposed.

**g) Requirement as to re-computation of price and lock-in of specified securities:**

Since, the Company's Equity Shares are listed and traded for a period more than twenty six weeks, therefore, there is no need for the Company to re-compute the price in terms of the provisions of the SEBI (ICDR) Regulations, 2018.

In terms of SEBI (ICDR) Regulations, 2018 issuer hereby undertakes that:

- i) It shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.



ii) If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continued to be locked in till the time such amount is paid by the allottees.

## **h) Pricing of the Preferential issue:**

The Equity Shares of the Company are listed on BSE and NSE. However, in terms of Regulation 164(5) of the SEBI ICDR Regulations, 2018, the shares of the Company are frequently traded on the Stock Exchange; therefore, the aforesaid equity shares will be allotted in accordance with the price determined in terms of Regulation 164(1) of the SEBI (ICDR) Regulations, 2018.

As per the said Regulation, if the shares are frequently traded and if the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
- b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The floor price comes to Rupees 24.47 per equity share as calculated in accordance with SEBI (ICDR) Regulations, 2018 and the price at which the Preferential Issue is being made (as determined in accordance with the SEBI ICDR Regulations) is Rupees 25/- per equity shares.

## **i) Relevant date with reference to which the price has been arrived at:**

The "Relevant Date" in terms of Regulation 161 of the ICDR Regulations for determination of minimum price is Friday, August 28, 2020, being a date which is 30 (Thirty) days prior to the date of Annual General Meeting, i.e. September 28, 2020 to approve the proposed preferential issue, in term of Section 42 and Section 62 of the Companies Act, 2013.

A Certificate is obtained from the Practicing Company Secretary confirming the minimum price for the preferential issue as per Preferential Issue Regulations in chapter V of SEBI (ICDR) Regulations, 2018 and showing the calculation thereof and the same will be made available for inspection.



**j) Auditor's Certificate:**

A copy of the certificate from the Statutory Auditors of the Company, M/s. Anant Rao & Malik, Chartered Accountants, certifying that the preferential issue of the compulsorily convertible warrants is being made in accordance with the requirements of Chapter V of the SEBI (ICDR) Regulations, will be available for inspection up to the date of declaration of results.

**k) Lock-in Period:**

The warrants issued on preferential basis will be subject to lock-in as provided in the Regulation 167 of SEBI ICDR Regulations. The entire pre-preferential allotment shareholding of the Proposed Allottee, if any, shall be locked-in from the Relevant Date up to a period of six months from the date of trading approval granted by the Stock Exchange(s) in accordance with Regulation 167 of the SEBI ICDR Regulations, 2018.

**l) Report of registered valuer:**

As such this is not applicable in the present case since the Company is a listed Company and the pricing is calculated in terms of the ICDR Regulations. Thus, no report of registered valuer is required for the offer, issue and allotment under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debenture) Rules, 2014, as amended..

**m) Consequential Changes in the Voting Rights and Change in Management:**

As a result of the proposed preferential issue of warrants, there will be no change in the control or management of the Company. However, voting rights will change in tandem with the shareholding pattern upon conversion of warrants into equity shares.

**n) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

This is not applicable in the present case since the Company being a listed Company, the pricing is in terms of ICDR Regulations. Further, the proposed allotment is for cash consideration.

**o) Undertaking to put Equity Shares under lock-in till the re-computed price is paid:**

The Company undertakes that if the amount payable on re-computation of the price is not paid within the time stipulated in the SEBI (ICDR) Regulations, the Equity Shares shall continue to be locked-in till such time such amount is paid by the allottees.



**p) Compliances:**

The company has complied with the requirement of rule 19A of the Securities Contracts (Regulation) Rules, 1957, maintaining a minimum of 25% of the paid up capital in the hands of the public.

**q) Approval under the Companies Act:**

Section 62(1) of the Companies Act, 2013 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in General Meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 62(1) of the Companies Act, 2013 and all other applicable provisions, SEBI Guidelines or regulations and the provisions of the Listing Agreement with the Stock Exchange(s) for authorizing the Board to offer, issue and allot convertible warrants as stated in the resolution, which would result in a further issuance of securities of the Company on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

**r) Declaration about Wilful Defaulter and Fugitive Economic Offender:**

The issuer, its promoter or any of its directors is not categorized as wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by Reserve Bank of India. and also the issuer, its promoters and directors is not declared as fugitive economic offender under Fugitive Economic Offender Act, 2018.

**s) Holding of shares in demat form, non disposal of shares by the proposed allottees and lock-in period of shares:**

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form. The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of trading approval from all the stock exchanges where the securities of the Company are listed. The shareholder who has sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of equity shares on preferential basis.



**t) SEBI Takeover code:**

In the present case, none of the proposed allottees would attract SEBI Takeover Code and therefore is not under obligation to give open offer to the public except making certain disclosures to Stock Exchange.

**u) Approvals:**

The Company will take necessary steps to obtain the required approvals from the Stock Exchange, SEBI, or any other regulatory agency as may be applicable, for the proposed preferential issue of convertible equity warrants.

The Board recommends the resolution as set out at Item No. 7 for approval of the shareholders as Special Resolution.

Except Mr. Srinivas Potluri and Mr. Karanjit Singh, none of the directors, Key managerial personnel or any relative of any of the directors or key managerial personnel of the Company, in anyway, concerned or interested in the above resolution.

By the order of the Board

For **Kellton Tech Solutions Limited**

Sd/-

**Krishna Chintam**

**Managing Director**

DIN: 01658145

**Place:** Hyderabad

**Date:** 01.09.2020

**Registered Office**

Plot No. 1367, Road No. 45,

Jubilee Hills,

Hyderabad – 500 033

Telangana



## DETAILS OF DIRECTORS SEEKING APPOINTMENT AND RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of the Director</b>	Krishna Chintam	Karanjit Singh	P Srinivasa Rao
<b>DIN</b>	01658145	06898258	06805347
<b>Date of Birth</b>	01-02-1969	17-12-1968	09-07-1968
<b>Age</b>	51	52	52
<b>Nationality</b>	Indian	Indian	Indian
<b>Date of Initial appointment on the Board</b>	09-04-2015	30-03-2015	16-02-2016
<b>Qualifications</b>	Graduated from Andhra University with a Bachelor's in Electrical and Electronics Engineering. He Holds a Master's Degree in Electrical Engineering from Virginia Tech, Virginia, US. He pursued MBA from Kellogg School of Business, Northwestern University, Chicago.	Graduated from prestigious National Institution of Industrial Engineering, Mumbai, India with a Master's degree in Industrial Engineering. Holds a Bachelor's degree in Electrical and Electronic Engineering	He holds B.Tech and PGDBM from premier institutes of excellence in India





<p><b>Nature of expertise in specific functional areas</b></p>	<p>Krishna Chintam is the Founder and Managing Director of Kellton Tech since its inception, he is responsible for the overall leadership, strategy, operations, and management of the company. He brings 25 years of profound insight and global experience to help our customers execute digital transformation initiatives and gain a competitive edge.</p> <p>Krishna is a proponent of the fact that enterprises must partner with customers as one team to drive desirable business outcomes. He is continuously steering the company to new horizons with his strategic direction and facilitating future-ready value to customers. As a technology visionary, Krishna's strengths lie in identifying and directing investments in next-generation technologies while encouraging internal entrepreneurship.</p> <p>On the academic front, Krishna holds a Bachelor of Engineering in Electrical &amp; Electronics Engineering degree from Andhra University. He later pursued a Master of Science (MS) degree in Computer Engineering from Virginia Tech, USA, and a Master of Business Administration (MBA) from Kellogg School of Management, Northwestern University, USA. He made significant contributions towards founding a company called Global Computer Products, Inc. (GCP, Inc). After exiting GCP, he founded Links Group, Inc. (LGI, Inc), which was later acquired by an Indian-listed company. Krishna has always had an innovative edge to his personality as a leader. He was one of the firsts to see the game-changing potential in trends such as e-wallets and pioneered the exchange of ideas in the space of gaming. His perceptive insight and a robust sense of observation have helped Kellton Tech script a triumphant account of growth and unleash the impact where it is needed.</p> <p>Krishna has been a strong driving force in leading Kellton Tech to new growth frontiers—from a fledgling company to a publicly-listed digital transformation enterprise. Long hard work is his greatest asset, and he is working assiduously to expand Kellton Tech's digital capabilities and global footprint to leverage the frontlines of innovation, today and tomorrow.</p>	<p>Karanjit leads the company's focus on cutting-edge technologies to provide new business offerings.</p> <p>Under his leadership, the company expanded its product and service portfolio and developed innovative solutions that earned it global appreciation.</p> <p>Karanjit holds more than 27 years of experience of working with large enterprises and SMEs on both Enterprise and consumer Internet applications.</p> <p>Prior to joining Kellton Tech, Karanjit had a very successful stint as a director of product development with JDA software.</p>	<p>Srinivasa Rao has vast experience in various industries and has served market-leading companies in senior executive roles.</p> <p>Earlier, he served as the CEO of a regional market for a leading telecom company of India. He was also the Chief Operating officer of a leading motorcycle manufacturer in India.</p> <p>He brings decades of executive experience across various market-verticals and has extensive knowledge of various domains including marketing, finance, strategy and hands-on expertise in all facts of organisation building.</p>
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<b>Number of shares held in the Company</b>	11,42,286	3,73,490	Nil
<b>List of the directorships held in other companies</b>	1. Kellton Securities Private Limited 2. Kellton Commodity and Derivatives Private Limited 3. Kellton DBYDX Software Private Limited 4. Avid Software Solutions (India) Private Limited	KVIO Ventures Private Limited	Tasty Bite Eatables Ltd
<b>Chairman/ Member in the Committees of the Boards of companies in which he is Director*</b>	Nil	Nil	Nil
<b>Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any</b>	Brother to Mr. Niranjana Chintam	Apart from receiving managerial remuneration and shares as per Employees Stock option scheme, he does not have any other pecuniary relationship with the company.	
<b>*Committee memberships/Chairmanships includes only Audit Committee and Stake holders' Relationship Committee of other Public Limited Companies (whether Listed or not).</b>			



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 26th Annual Report on the business and operations of your company for the financial year ended March 31, 2020.

### 1. FINANCIAL RESULTS:

During the year under review, the Company has achieved Comprehensive income of Rs. 74.24 lakhs. However, your Directors look forward to improve the financial position of the Company and are optimistic about the future growth and performance of the Company.

The summarized financial results of the Company for the period ended March 31, 2020 are as follows:

(Amt. in Rs.)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	1,26,79,92,228	1,11,17,57,704	7,70,67,93,265	8,14,11,22,411
Other Income	3,70,78,911	4,48,31,816	3,94,06,996	5,03,87,944
Total Revenue	1,30,50,71,139	1,15,65,89,520	7,74,62,00,261	8,19,15,10,355
Total Expenditure	1,15,67,00,958	1,04,13,36,220	6,87,54,50,214	7,21,77,87,687
Profit/(Loss) before taxes	14,83,70,181	11,52,53,300	87,07,50,047	97,37,22,668
Tax Expense	(3,57,55,394)	(3,07,70,671)	(16,54,36,775)	(20,42,99,754)
Profit/(Loss) after Tax	11,26,14,788	8,44,82,629	70,53,13,272	76,94,22,914
Earnings per equity shares in Rs.	1.15	0.90	7.70	7.79
Total Comprehensive Income for the period	11,08,59,822	8,65,64,228	74,24,66,453	75,07,09,639

### 2. 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 from Rs. 1,11,17,57,704 to Rs. 1,26,79,92,228 while the Profit before Tax also increased from Rs. 11,52,53,300 to Rs. 14,83,70,182. The earnings per share is Rs. 1.15 as compared to Rs. 0.90 in the previous year.

### 3. CONSOLIDATED FINANCIAL STATEMENT:

The Consolidated Financial Statements for the financial year 2019-20 of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and form part of this Annual Report. The Consolidated Revenue of your Company for the year ended March 31, 2020 is Rs. 7,70,67,93,265 as against previous year revenue of Rs. 8,14,11,22,411. The Consolidated Net Profit for the year stood at Rs. 70,53,13,273 as against previous year consolidated net profit of Rs. 76,94,22,914.



In accordance with Regulation 34(2) of the listing agreement and in compliance with the provisions of companies act 2013 and the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting standard AS-23 on Accounting for Investments in Associates and Accounting Standard AS-27 on Financial Reporting of Interests in Joint Ventures, your Directors have pleasure in attaching the Consolidated Financial Statements as part of the Annual Report.

A statement containing brief financial details of the subsidiaries for the financial year ended March 31, 2020 is annexed as **Annexure - I**.

In terms of Section 136 of the Companies Act, 2013 the audited financial statements 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.

#### **4. 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.

#### **5. 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 2019-20. Further, there were no transfers to Reserves during the financial year 2019-20.

#### **6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

Except the effect of COVID 19 Pandemic and consequent lockdown resulting in a severe slowdown of economy, there are no material changes and commitments after the closure of the financial year, which will affect 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.

#### **7. 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:**

There are no significant and material order has been passed by the regulators or courts, tribunals impacting the going concern status and Company's operations in future.

#### **8. 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 and the Paid up Share



Capital stand at 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.

During the year under the review there was no change in the Share Capital of the Company.

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.

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, 2020 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
2.	Total number of options granted	25,27,500
3.	Vesting requirements	12-60 months
4.	The pricing formula	Closing price of equity shares on the stock exchange where the shares are listed from vesting date
5.	Maximum term of options granted	Employees to exercise options within 3 years
6.	Source of shares	Primary
7.	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	5,91,362
Number of options granted during the year	0
Number of options forfeited/lapsed during the year	22,167
Number of options vested during the year	84,337
Number of options exercised during the year	0
Number of shares arising as a result of exercise of options	0
Money realized by exercise of options (INR), if scheme is implemented directly by the company	0
Loan repaid by the Trust during the year from exercise price received	Nil
Number of options outstanding at the end of the year	5,69,195
Number of options exercisable at the end of the year	2,46,009



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)

## 9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

## 10. PUBLIC DEPOSITS:

The Company has not accepted/renewed any fixed deposits during the year under review.

## 11. 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 under Notes 28 to the Financial Statement for the year.

## 12. LISTING WITH STOCK EXCHANGES:

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 2019-20 to NSE and BSE where the Company's Shares are listed.

## 13. DIRECTORS, KEY MANAGERIAL PERSONNEL & BOARD MEETINGS:

The Board of directors of your company is duly constituted.

During the year under review the constitution of Board and its committees remained unchanged.

Proposed Appointments/re-appointments:

The following appointments to the Board are proposed:

- i. In accordance with the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Srinivas Potluri, Non- executive Director, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offered himself for re-appointment.



ii. Mr. Krishna Chintam (DIN: 01658145) was appointed as Chairman & Managing Director of the Company for a period of 3 years ending on 08.04.2021. In the ensuing Annual General Meeting, the Board recommends his re-appointment for a further period of 3 years.

iii. Mr. Karanjit Singh (DIN: 06898258) was appointed as Whole Time Director of the Company for a period of 3 years ending on 29.03.2021. In the ensuing Annual General Meeting, the Board recommends his re-appointment for a further period of 3 years.

iv. Mr. P Srinivasa Rao (DIN: 06805347) was appointed as an Independent Director of the Company for a period of 5 years ending on 16.02.2021. In the ensuing Annual General Meeting, the Board recommends his re-appointment for a further period of 5 years

The brief resume of the aforesaid Directors and other information have been detailed in the Notice.

v. Ms. Surabi Jain was appointed as the Company Secretary of the Company with effect from May 08, 2020.

Resignation:

i. Mr. Ahsan Ali Hussain Ajani resigned from the post of Company Secretary of the Company with effect from April 16, 2020.

## 14. NUMBER OF MEETINGS OF THE BOARD:

During the year under review, the Board duly met 15 (Fifteen) times on 16.04.2019, 02.05.2019, 30.05.2019, 18.06.2019, 08.07.2019, 10.07.2019, 14.08.2019, 03.09.2019, 12.09.2019, 29.10.2019, 01.11.2019, 14.11.2019, 12.12.2019, 14.02.2020 and 12.03.2020 during the year ended on 31st March 2020. The gap between any two Board Meetings is within the period prescribed by the Companies Act, 2013 and Listing Regulations and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. For further details, please refer Corporate Governance Report.

## 15. DECLARATIONS BY INDEPENDENT DIRECTORS:

The Company has received declarations from the Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and regulation 25 of SEBI (Listing Obligations and Disclosure Requirement), 2015.

## 16. BOARD AND PERFORMANCE EVALUATION:

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.

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.

## **17. INDEPENDENT DIRECTORS MEETING:**

A meeting of the Independent Directors was scheduled to be held in March 2020. But the sudden and unexpected declaration of lockdown all over India by the Government of India due to the outbreak of COVID-19, has rendered the possibility of organizing the Independent Directors meeting for the Financial Year 2019-2020 impossible. Thus, Independent Directors' meeting for the FY 2019-20 has not been conducted.

## **18. 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).

## **19. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings during the Financial Year under review.





## 20. 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 for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures.
- b. They have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for that period.
- c. They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. They have prepared the annual accounts of the Company on a going concern basis.
- e. They have laid down Internal financial controls, which are adequate and are operating effectively.
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively;

## 21. 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.

## 22. NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration 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 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.

## 23. 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)



## 24. 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 is annexed and forms part of this Report '**Annexure – IV**'. Your Company will continue to adhere in letter and spirit to good corporate governance policies.

## 25. 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.

## 26. SUBSIDIARY COMPANIES:

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

<b>Name of the Entity</b>	<b>Status</b>
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
Evantage Solutions Inc	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Inc)
Vivos Professionals Services 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)
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)
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)
Planet Pro Inc	Step Down Subsidiary (wholly owned subsidiary of Kellton Tech Inc)
Tivix Europe S P Z.O.O (Poland)	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Limited)
PlanetPro Canada Inc.	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Limited)
PlanetPro Asia Pte. (Singapore)	Step Down Subsidiary (Wholly owned subsidiary of Kellton Tech Limited)



## 27. CONSOLIDATION OF ACCOUNTS:

The Consolidated Financial Statements of the Company and its Subsidiaries ("the Group") for the year ended March 31, 2020 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, 2020 in the prescribed format AOC-1 is appended as Annexure - 1 to the Board's Report. 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.

## 28. AUDITORS:

### a. Statutory Auditor:

M/s. PARY & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company in the 25th Annual General Meeting held on September 27, 2019 for a period of five years.

M/s. PARY & Co, Chartered Accountants have tender their resignation as the Statutory Auditor of the Company, resulting in a casual vacancy in the office of the Auditors of the Company w.e.f. July 27, 2020 for the remaining term of their period.

Hence, in order to fill the causal Vacancy, the Company has appointed M/s. Anant Rao & Malik., Chartered Accountants (FRN: 006266S) in the Board meeting held on July 31, 2020.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. Anant Rao & Malik., Chartered Accountants, for such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made thereunder.

The Notes on financial statement referred in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### b. Secretarial Auditor and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act and Rules and Regulation 24A of the Listing Regulations and other applicable provisions, framed thereunder, as amended, your Company has appointed Mr. NVSS Suryanarayana Rao, Practising Company Secretary to undertake the Secretarial Audit.

Secretarial Audit Report issued by Mr. NVSS Suryanarayana Rao, Practising Company Secretary in Form MR-3 for the financial year 2019-20 forms part to this report as '**Annexure – V**'.



## **Management responses to observations in Secretarial Audit Report:**

The following are the responses of the management against the observations made by the Secretarial Auditor:

<b>Sr. No.</b>	<b>Observations</b>	<b>Management replies/ response</b>
1.	The Company has filed form MR-1 with additional fees during the period under review.	The Company is law abiding entity, and is endeavor to file all required forms and returns with the Registrar in time. However, the management ensures to timely file the same and take care in future.
2.	As per regulation 27 (2) of SEBI (LODR) Regulations, 2015, Information about the attendance of audit Committee meeting submitted in Corporate Governance Report filed for the quarter ended 31st December, 2019 and 31st March, 2020 was not in line with minutes submitted by the company.	There was a slight oversight in filing the Corporate Governance report about the attendance of the audit Committee meeting. The Company ensures that it was inadvertent and without any malifide intention.
3.	As per the Clause 4 (2) of Schedule-B of SEBI (Prohibitions of Insider Trading) Regulations, 2014, Company has delayed in trading window closure for 9 days for the quarter ended 30th June, 2019	As per the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, Trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results. The Management mistakenly interpreted that the applicability is with effect from April, 2020. However, the Company has rectified and filed the revised intimation.
4.	As per Clause 4 (1) of Schedule-B of SEBI (Prohibitions of Insider Trading) Regulations, 2014, during the closure of trading window, some transactions were occurred. However, the same was reported to the stock Exchange subsequently	As stated above, the trading window was closed as per the old Notification and during that time, some transactions have occurred. However, the Company has duly reported the occurrence of such transactions. The Management affirms that there was no malifide intention.
5.	As per Regulation 31 of SEBI (LODR) Regulations, 2018 Shareholding pattern submitted to stock exchange did not capture the transaction as per observation 4	Due to the non-availability of the information, the Company was unable to capture the transactions occurred during the trading window. However the same was rectified and have filed the revised return.

As required under the provisions of SEBI LODR Regulations, a certificate confirming that none of the Directors on the Board have been debarred or disqualified by the Board/Ministry of Corporate Affairs or any such statutory authority obtained from M/s. NVSS Suryanarayana Rao., Practicing Company Secretaries is a part of the Corporate Governance report.

## **29. REPORTING OF FRAUD:**

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the audit committee, under section 143 (12) of the Companies Act, 2013, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.



## **30. BUSINESS RESPONSIBILITY REPORT (BRR):**

The Listing Regulations, 2015 mandate the inclusion of BRR as part of the Annual Report for the top 500 listed entities based on their market capitalization on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. 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.

## **31. 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.

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).

## **32. 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.

## **33. 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).

## **34. 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. As per Regulation 21 of SEBI (Listing Obligations and Disclosure Regulation), 2015, this committee is applicable to top 500 listed entities, determined on the basis of market capitalisation. Since the Company doesn't falls under the list of top 500 listed entities, this committee is not mandatory. It's voluntary act of the Board in-order to be cautious about any risk factor and its impact which effect the performance of the Company, therefore, the Company has in place this committee.



## **35. 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. The Company also has in place duly constituted Internal Complaints Committee (ICC) to consider and resolve all sexual harassment complaints reported by women. The constitution of the ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external members from NGOs or with relevant experience. Investigation is conducted and decisions made by the ICC at the respective location, and a senior women employee is the presiding officer over every case. Majority of the total members of the IC are women.

During the financial year ended March 31, 2020, the Company has not received any complaints pertaining to Sexual Harassment.

## **36. 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 Audit Committee and 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.

## **37. 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)

## **38. 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

### **39. 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 Further the Annual report will also be provided at the website of the Company.

### **40. CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION:**

As required under the SEBI Guidelines, the Chairman and Managing Director and the Chief Financial Officer Certification is attached to this Report.

### **41. 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.

### **42. 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.

### **43. 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.



## 44. 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.

## 45. ACKNOWLEDGEMENTS:

Your Directors wish to express their appreciation for the support and co-operation extended by the bankers, financial institutions, joint development partners, shareholders, government agencies and other business associates. Your Directors wish to place on record their deep sense of appreciation for the committed services by the employees of the Company.

**By the order of the Board of Directors**

**Place:** Hyderabad  
**Date:** 01.09.2020

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

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





### 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.)

Sr. 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 01, 2019 to March 31, 2020	January 01, 2019 to December 31, 2019	January 01, 2019 to December 31, 2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reportin Currency: INR Exchange Rate: NA	Reporting Currency: USD Exchange Rate: 75.39	Reporting Currency: USD Exchange Rate: 75.39
4.	Share capital	83,23,765	59,23,61,847	35,16,94,350
5.	Reserves & surplus	32,55,826	70,39,94,308	47,46,62,225
6.	Total assets	2,73,11,696	2,83,05,10,765	1,83,48,87,205
7.	Total Liabilities	1,24,72,918	1,53,41,54,610	1,00,85,30,630
8.	Investments	Nil	Nil	Nil
9.	Turnover	3,81,29,228	4,20,79,43,135	1,87,29,57,119
10.	Profit before taxation	(5,07,66,663)	13,70,91,513	15,31,70,315
11.	Provision for taxation	141283	2,46,70,397	3,24,12,423
12.	Profit after taxation	(5,09,08,486)	11,24,21,116	12,07,57,893
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: Nil



### FORM NO. 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 31.03.2020 which was not at arm's length basis.

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

<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/arrangements/transactions</b>	<b>Duration of the contracts/arrangements/Transaction</b>	<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	<b>Date(s) of approval by the Board, if any</b>	<b>Amount paid as advances, if any</b>
Prosoft Technology Group Inc. (Step-down Subsidiary)	Sale of services	Continuous	Amount as per monthly invoice raised based on transfer pricing guidelines	27.04.2015	14,53,57,802
Kellton Tech Limited (Wholly Owned Subsidiary)	Sale of services	Continuous	Amount as per monthly invoice raised based on transfer pricing guidelines	24.04.2017	7,60,79,195
Lenmar Consulting Inc (Step-down Subsidiary)	Sale of services	Continuous	Amount as per monthly invoice raised based on transfer pricing guidelines	24.04.2017	92,09,212



Sreevidya Chintam & Niranjana Chintam (Relative of Key Managerial Personnel)	Rent paid for office building	Continuous	Rent on monthly basis as per lease deed	30.06.2014	1,73,64,384
Planetpro Inc. (Step-down Subsidiary)	Sale of services	Continuous	Amount as per invoice raised based on transfer pricing guidelines	-	53,45,550
Planetpro Asia Pte Limited (Step-down Subsidiary)	Sale of services	Continuous	Amount as per invoice raised based on transfer pricing guidelines	-	17,81,850
Kellton DBYDX Software Private Limited (Subsidiary)	Sale of services	Continuous	Amount as per invoice raised based on cost plus margin	-	8,18,40,132

**By the order of the Board of Directors**

**Place:** Hyderabad  
**Date:** 01.09.2020

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

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



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

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year 2019-20:

S. No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Niranjana Chintam	5.36
2.	Mr. Krishna Chintam	5.36
3.	Mr. Karan Jit Singh	9.78
4.	Mr. Srinivasa Vijay Kumar Appana	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 2019-20:

S. No	Name of the Director/ KMP	Percentage increase in remuneration
1.	Mr. Niranjana Chintam	Nil
2.	Mr. Krishna Chintam	Nil
3.	Mr. Karan Jit Singh	Nil
4.	Mr. Srinivasa Vijay Kumar Appana	Nil
5.	Mr. Brijmohan Venkata Mandala	Nil
6.	Mr. Srinivas Potluri	Nil
7.	Mr. P Srinivasa Rao	Nil
8.	Ms. Kunda Kalpana	Nil
9.	Mr. Ahsan Ali Hussain Ajani	Nil

(iii) The number of permanent employees on the rolls of Company: 1434

(iv) In the Financial Year 2019-20, there was an increase of 8.10% 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.

(vi) 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 remunera-



tion and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 7%

(vii) 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, 2020

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 of Directors

**Place:** Hyderabad  
**Date:** 01.09.2020

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

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



### REPORT ON CORPORATE GOVERNANCE

[Pursuant to Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

#### 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, 2020:

Category	Name of the Director	No. of Directors
Promoter Executive Directors	1. Mr. Niranjana Chintam 2. Mr. Krishna Chintam	2 (Two)
Non-promoter Executive Director (WTD)	1. Mr. Karan Jit Singh	1(One)
Non Executive Director Non- Independent Director	1. Mr. Srinivas Potluri	1(One )
Non-Executive Independent Directors	1. Mr. Srinivasa Vijay Kumar Appana 2. Mr. Brijmohan Venkata Mandala 3. Mr. P Srinivasa Rao 4. Ms. Kunda Kalpana	4 (Four)
<b>Total</b>		<b>8 (Eight)</b>

##### b) Attendance of each director at the Board meetings held during the year 2019-20 and at the last Annual General Meeting:

Name of the Director	Held during tenure	Attended	AGM - Sept 27, 2019
Mr. Niranjana Chintam	15	15	Yes
Mr. Krishna Chintam	15	15	Yes
Mr. Brijmohan Venkata Mandala	15	15	Yes
Mr. Srinivas Potluri	15	14	No
Mr. Karanjit Singh	15	15	Yes
Mr. P Srinivasa Rao	15	01	No
Ms. Kunda Kalpana	15	05	Yes
Mr. Srinivasa Vijay Kumar Appana	15	10	No



**c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman as at March 31, 2020 :**

The details of directorship and membership except in Kellton Tech solutions Limited, private companies, foreign companies and membership in other committee, except Audit Committee and Stakeholders Relationship Committee:

Name of the Director	DIN	Board		Committee	
		Chairman	Member	Chairman	Member
Mr. Niranjana Chintam	01658591	None	None	None	None
Mr. Krishna Chintam	01658145	None	None	None	None
Mr. Srinivasa Vijay Kumar Appana	00299638	None	None	None	None
Mr. Brijmohan Venkata Mandala	00295323	None	None	None	None
Mr. Srinivas Potluri	03412700	None	None	None	None
Mr. Karanjit Singh	06898258	None	None	None	None
Ms. Kunda Kalpana	07328517	None	2	None	2
Mr. P Srinivasa Rao	06805347	None	1	None	1

**d) No. of Board Meetings held and dates on which they were held during the year 2019-20:**

Quarter	Number of Meetings	Date on which meeting held
1st Quarter	Four	16.04.2019, 02.05.2019, 30.05.2019, 18.06.2019
2nd Quarter	Five	08.07.2019, 10.07.2019, 14.08.2019, 03.09.2019, 12.09.2019
3rd Quarter	Four	29.10.2019, 01.11.2019, 14.11.2019, 12.12.2019
4th Quarter	Two	14.02.2020, 12.03.2020

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

Directors of the Company are not related to each other and are Independent, except Mr. Niranjana 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.	Brijmohan Venkata Mandala	2,00,000	--
2.	Srinivas Potluri	3,33,332	--
3.	P Srinivasa Rao	Nil	--
4.	Kunda Kalpana	Nil	--
5.	Srinivasa Vijay Kumar Appana	Nil	--



**g) Web link where details of familiarisation programmes imparted to independent directors is disclosed:**

During the year, no new Director was inducted on the board.

The senior management personnel of the Company regularly make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc. and seek their views and suggestions on the same. The Board members have been provided with various policies of the Company including Code of Conduct for Directors and Senior Management Personnel etc.

The details of these familiarization programme's have been placed on the Company's website at of the Company.

**h) List of core skills/expertise/competencies identified by the board as required in the context of its business(es) and sector(s) for an efficient functioning and those actually available with the Board:**

- a) Hands on experience in the Information Technology Industry and ITES Service industry, marketing and business development
- b) Accounting, Financial, Budget, Costing expertise
- c) Legal and HR expertise
- d) Experience in IT Services QA & Delivery
- e) Expertise in Corporate Governance
- f) Formulation of effective strategy

**The Board members possess the following core skills/expertise/ competencies:**

- 1. Mr. Niranjan Chintam - Chairman & Whole-Time Director – a,b,d,e and f of above
- 2. Mr. Krishna Chintam - Managing Director – a,b,d,e and f of above
- 3. Mr. Karanjit Singh - Whole-Time Director – a,b,c,d and f of above
- 4. Mr. Srinivas Potluri - Non-Executive Director - a,b,c,d and f of above
- 5. Mr. Brijmohan Venkata Mandala - Independent, Non-Executive Director – b,c,e and f of above
- 6. Mr. Srinivasa Vijay Kumar Appana - Independent, Non-Executive Director – b,e and f of above
- 7. Mr. P Srinivasa Rao - Independent, Non-Executive Director – b,c,e and f of above
- 8. Ms. Kunda Kalpana - Independent, Non-Executive Director – a,c,e and f of above

**i) Confirmation about Independent Directors:**

This is to confirm that in the opinion of the board, the independent directors fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

As required by SEBI (LODR) Regulations, 2015, a certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, is attached to this Report as **Annexure-A**.

Further, Annual Secretarial Compliance Report issued by the Company Secretary in Practice pursuant to Circular dated February 8, 2019 issued by SEBI is also attached to this Report as **Annexure-B**.





## 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.

### **a) Brief description of terms of reference:**

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

- i)** 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;
- ii)** Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii)** Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv)** 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
- v)** Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi)** 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;
- vii)** Review and monitor the auditor's independence and performance, and effectiveness of audit process;



- viii)** Approval or any subsequent modification of transactions of the company with related parties;
- ix)** Scrutiny of inter-corporate loans and investments;
- x)** Valuation of undertakings or assets of the company, wherever it is necessary;
- xi)** Evaluation of internal financial controls and risk management systems;
- xii)** Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- xiii)** 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;
- xiv)** Discussion with internal auditors of any significant findings and follow up there on;
- xv)** 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;
- xvi)** 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;
- xvii)** 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;
- xviii)** To review the functioning of the Vigil mechanism;
- xix)** 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;
- xx)** Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- xxi)** Monitoring the end use of funds raised through public offers and related matters;
- xxii)** To review the management discussion and analysis of financial condition and results of operations;
- xxiii)** To review the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- xxiv)** To review the management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxv)** To review the internal audit reports relating to internal control weaknesses;
- xxvi)** To review the appointment, removal and terms of remuneration of the chief internal auditor;
- xxvii)** To review the statement of deviations of following:



a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**xxviii)** The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company; and

**xxix)** The Audit Committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

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

**b) Composition, Name of Members and Chairperson:**

The Audit Committee comprises of the following directors:

<b>Name of the Member</b>	<b>Status</b>	<b>Nature of Directorship</b>
Brijmohan Venkata Mandala	Chairman	Independent, Non-Executive
Srinivasa Vijay Kumar Appana	Member	Independent, Non-Executive
Niranjan Chintam	Member	Whole Time Director, Executive

**c) Meetings and attendance during the year 2019-20:**

<b>Name of the Member</b>	<b>Held during tenure</b>	<b>Attended</b>
Brijmohan Venkata Mandala	04	04
Srinivasa Vijay Kumar Appana	04	04
Niranjan Chintam	04	03

**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
Srinivasa Vijay Kumar Appana	Chairman	Independent, Non-Executive
Brijmohan Venkata Mandala	Member	Independent, Non-Executive
Srinivas Potluri	Member	Non-Independent, Non-Executive
Niranjan Chintam	Member	Whole Time Director, Executive

**c. Meetings and Attendance during the year 2019-20:**

Name of the Member	Held during tenure	Attended
Srinivasa Vijay Kumar Appana	02	02
Brijmohan Venkata Mandala	02	01
Srinivas Potluri	02	02
Niranjan Chintam	02	02

## 5. REMUNERATION OF DIRECTORS:

**a. Details of remuneration to the directors:**

(Rs. in Lakhs)

Particulars	Executive Directors			Non-Executive				
	Niranjan Chintam	Krishna Chintam	Karanjit Singh	Srinivas Potluri	Independent Directors			
					Srinivasa Vijay Kumar Appana	Brij-mohan Venkata Mandala	P. V. V. Srinivasa Rao	Kunda Kalpana
Salary	30.00	30.00	54.71	Nil	Nil	Nil	Nil	Nil
Commis- sion	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
PF Contri- bution	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting fees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.80
<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>0.80</b>

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



b. 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.

## 6. 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
Srinivasa Vijay Kumar Appana	Member	Independent, Non-Executive
Krishna Chintam	Member	Managing Director, Executive

b. Details of Committee meetings held during the year:

Name of the Member	Held during tenure	Attended
Brijmohan Venkata Mandala	01	01
Srinivasa Vijay Kumar Appana	01	01
Krishna Chintam	01	01

c. Name, designation and address of the Compliance Officer:

Name: Ms. Surabi Jain (appointment w.e.f 08.05.2020)  
 Address: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500033  
 Contact Details: Tel: 040-44333030;  
 Fax: 040-23552358  
 E-mail ID: compliance@kelltontech.com

d. During the year the Company had not received any complaint from the investors:

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	Nil	Nil	Nil
6	Stock Exchanges	Nil	Nil	Nil
<b>Total</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



## 7. GENERAL BODY MEETINGS

a. 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
2018-19	Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033	27.09.2019' 11:00 A.M.	04	<ol style="list-style-type: none"> <li>1. To re-appoint Mr. Krishna Chintam as Managing Director of the Company.</li> <li>2. To re-appoint Mr. Brijmohan Venkata Mandala as an Independent Director of the Company.</li> <li>3. To authorise Board of Director to pledge shares of subsidiaries for availing loans.</li> <li>4. To authorise Board of Directors to give loan, provide Corporate Guarantee/security and invest in the securities of other Body Corporate.</li> </ol>
2017-18	Ebony Boutique Hotel, Door no. 8-2-120/C/198/192, Road Number 2, Banjara Hills, Near Annapurna Studio, Hyderabad, Telangana-500033	28.09.2018; 11.00 A.M.	03	<ol style="list-style-type: none"> <li>1. Pledging of shares of subsidiaries for availing loans.</li> <li>2. Approval for giving loan and corporate guarantee.</li> <li>3. Further Issuance of securities.</li> </ol>
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.	02	<ol style="list-style-type: none"> <li>1. Further Issuance of securities.</li> <li>2. Variation of Employees Stock Option Scheme of the Company.</li> </ol>

b. Extraordinary General Meeting / Postal ballot:

During the F.Y 2019-20 the Company did not have any Extra ordinary General Meeting.

c. Whether any special resolution passed last year through postal ballot:

In the financial year 2018-19, the Company had not conducted voting through Postal Ballot



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

## 8. MEANS OF COMMUNICATION:

(i) The quarterly, half yearly and annual results are intimated to the Stock Exchanges on event basis.

(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

(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.

## 9. GENERAL SHAREHOLDER' INFORMATION

a. Date, Time & Venue of AGM	Date, Time & Venue of AGM Monday, September 28th, 2020 at 11:00 a.m. through Video Conference (VC)/Other Audio Visual Means (OAVM)
b. Financial Year	01st April,2019 to 31st March, 2020
c. Dividend payment date	Not Applicable
a. Listing on Stock Exchanges	1. BSE Limited, Phiroze Jeejeebhoy Towers - Dalal Street, Fort, Mumbai - 400 023 2. National Stock Exchange of India Ltd (NSE) - Exchange Plaza, 5 Floor, BandraKurla Complex, Bandra (East), Mumbai - 400 051 Further, Listing fees for the year have been paid to the Stock Exchanges.
d. Stock Code/Symbol	BSE- 519602 NSE- KELLTONTEC



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

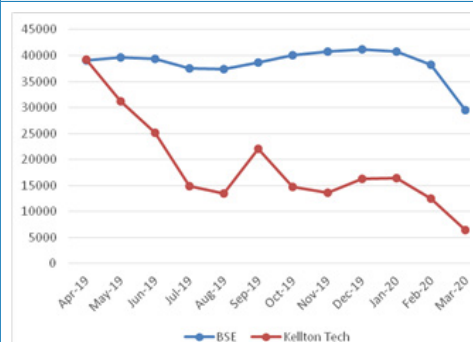
BSE

Month	High	Low	Close
April, 2019	48.90	40.05	43.55
May, 2019	46.10	32.15	34.65
June, 2019	35.70	22.40	28.00
July, 2019	29.35	15.50	16.50
August, 2019	18.95	13.95	15.05
September, 2019	25.40	14.00	24.50
October, 2019	24.85	15.00	16.35
November, 2019	18.40	14.70	15.20
December, 2019	19.00	14.80	18.05
January, 2020	19.20	15.00	18.35
February, 2020	19.30	13.65	13.85
March, 2020	17.60	06.75	07.11

NSE

Month	High	Low	Close
April, 2019	48.80	40.40	43.35
May, 2019	46.25	31.80	34.55
June, 2019	35.40	22.15	27.75
July, 2019	29.30	15.55	16.80
August, 2019	18.80	14.00	15.00
September, 2019	25.40	13.75	24.45
October, 2019	24.90	14.75	16.35
November, 2019	18.20	14.55	15.10
December, 2019	19.20	14.60	18.05
January, 2020	19.40	15.00	18.40
February, 2020	19.30	13.75	13.80
March, 2020	17.50	06.55	07.10

g. Performance in comparison to BSE Sensex







<p>Performance in comparison to NSE Nifty 50</p>	<table border="1"> <caption>Performance Comparison Data (Approximate)</caption> <thead> <tr> <th>Month</th> <th>Nifty 50 (Index)</th> <th>Kellton Tech (Index)</th> </tr> </thead> <tbody> <tr><td>Apr-19</td><td>12000</td><td>45</td></tr> <tr><td>May-19</td><td>12000</td><td>35</td></tr> <tr><td>Jun-19</td><td>11800</td><td>25</td></tr> <tr><td>Jul-19</td><td>11500</td><td>15</td></tr> <tr><td>Aug-19</td><td>11500</td><td>15</td></tr> <tr><td>Sep-19</td><td>11800</td><td>25</td></tr> <tr><td>Oct-19</td><td>12000</td><td>15</td></tr> <tr><td>Nov-19</td><td>12000</td><td>15</td></tr> <tr><td>Dec-19</td><td>12200</td><td>18</td></tr> <tr><td>Jan-20</td><td>12000</td><td>18</td></tr> <tr><td>Feb-20</td><td>11500</td><td>10</td></tr> <tr><td>Mar-20</td><td>8500</td><td>5</td></tr> </tbody> </table>	Month	Nifty 50 (Index)	Kellton Tech (Index)	Apr-19	12000	45	May-19	12000	35	Jun-19	11800	25	Jul-19	11500	15	Aug-19	11500	15	Sep-19	11800	25	Oct-19	12000	15	Nov-19	12000	15	Dec-19	12200	18	Jan-20	12000	18	Feb-20	11500	10	Mar-20	8500	5
Month	Nifty 50 (Index)	Kellton Tech (Index)																																						
Apr-19	12000	45																																						
May-19	12000	35																																						
Jun-19	11800	25																																						
Jul-19	11500	15																																						
Aug-19	11500	15																																						
Sep-19	11800	25																																						
Oct-19	12000	15																																						
Nov-19	12000	15																																						
Dec-19	12200	18																																						
Jan-20	12000	18																																						
Feb-20	11500	10																																						
Mar-20	8500	5																																						
<p>h. Suspension of shares</p>	<p>None of the securities of the Company were suspended from trading during the year.</p>																																							
<p>i. Registrar and Transfer Agents</p>	<p>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>j. Share Transfer System</p>	<p>The Company's shares are transferable through the depository system. The Company has appointed M/s. XL Softech Systems Limited, Registrars and Share Transfer Agents and also Depository Transfer Agent.</p> <p>Shares received for physical transfers are generally registered within a period of 15 days from the date of receipt of the valid and duly filled up transfer deeds. The Company has signed a tripartite agreement with NSDL/CDSL and M/s. XL Softech Systems Limited to facilitate dematerialisation of shares. The Members may contact for the redressal of their grievances to either M/s XL Softech Systems Limited or the Company Secretary of the Company.</p>																																							



k. Distribution of Shareholding as on 31st March, 2020 was as follows:

i) Categories of Shareholding-

Category	No. of shares held	Percentage of shareholding
Promoters	23,94,384	2.48
Promoters Body Corporate	5,44,37,740	56.48
Mutual funds/UTI	2,93,400	0.30
Financial Institutions /Banks	64,263	0.07
Foreign Institutional Investors	-	-
Venture Capital Funds	-	-
Bodies Corporate	54,81,873	5.69
Foreign Bodies Corporate	-	-
Retail individuals/NRIs/Trusts/ others	3,37,10,808	34.98
<b>Total</b>	<b>9,63,82,468</b>	<b>100</b>

ii) Distribution of Shareholding-

Sl. No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5,000	9786	62.37	17,17,027	1.78
2	5,001 - 10,000	2457	15.66	19,48,594	2.02
3	10,001 - 20,000	1480	9.43	23,54,309	2.44
4	20,001 - 30,000	518	3.30	13,15,212	1.36
5	30,001 - 40,000	302	1.92	10,99,649	1.14
6	40,001 - 50,000	203	1.29	9,50,917	0.99
7	50,001 - 1,00,000	443	2.82	33,22,043	3.45
8	1,00,001 and above	502	3.20	8,36,74,717	86.82
	<b>Total</b>	<b>15961</b>		<b>96382468</b>	<b>100</b>

l. Dematerialisation of shares and Liquidity

As on 31st March, 2020, 95687036 shares representing 99.27% of shareholding have been dematerialised. The balance 695432 equity shares representing 0.73% were in physical form

The Company's shares are compulsorily traded in dematerialized form and are regularly traded on NSE and BSE. The ISIN Number allotted for the Equity shares is INE164B01022

m. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

As on March 31, 2020, there were no outstanding GDRs/ADRs/Warrants or any Convertible Instruments of the Company.



n. Commodity price risk or foreign exchange risk and hedging activities;	Not Applicable		
o. Plant locations/offices;	The Company operates from : Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033, Telangana and Plot No. 270, Udyog Vihar Phase -2, Gurgaon, Haryana- 122016, India		
p. Registered Office/ address for correspondence	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	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	
q. Credit ratings obtained by the entity along with any revisions thereto during the relevant financial year	Ratings downgraded to [ICRA]BBB+(Negative)/[ICRA]A2		

## 10. OTHER DISCLOSURES:

### a. Related Party Disclosure

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 36). 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 : Rs. 86,92,18,034 of Investment in Subsidiary Companies	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 : Nil



Further, 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>

b. 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.

c. 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.

d. The Company has complied with all the mandatory requirements of Corporate Governance as per SEBI (LODR) Regulations, 2015 and is in the process of implementing the non-mandatory requirements.

e. In terms of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website at <https://www.kelltontech.com/investors/company-policies>.

f. Disclosure of commodity price risks and commodity hedging activities. – Not Applicable

g. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A): The Company has not raised any funds through preferential allotment or qualified institutions placement during the current financial year and hence not applicable.

h. The Company has duly enclosed the certificate received from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. Further the Company has enclosed for perusal.

i. The Board had accepted recommendations of various committees of the board which were mandatorily required in the relevant financial year.

#### j. Auditor's Remuneration

The statutory auditor of the Company and all the entities in the network firm/network entity of which the statutory auditor is a part have been paid a total fee of Rs. 2,50,000 for all the services rendered by them during the financial year 2019-20.

k. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

i). number of complaints filed during the financial year - Nil



ii). number of complaints disposed of during the financial year -Nil

iii). number of complaints pending as on the end of financial year - Nil

11. The Company has complied with the requirements of the Schedule V, Corporate Governance report sub-para's (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

12. The Company has not adopted any of the Discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. The Company has made all the disclosures for compliance with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 in the section Report on corporate governance of the annual report. Further, the Company has attached Secretarial Auditor certificate as Annexure-C.

## 14. DISCLOSURES:

### a. 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.

### b. Certificate from Company Secretary in Practice

N.V.S.S. Suryanarayana Rao, Practicing Company Secretary, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure -A.

## 15. 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>

## 16. 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, 2020 your Company has 4,94,050 equity shares in the unclaimed suspense account.



Sr. No	Particulars	Remarks
1.	Total number of shareholders and the outstanding shares in the suspense account lying as on 01.04.2019	353 members and 497250 shares
2.	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	02
3.	Number of shareholders to whom shares were transferred from suspense account during the year;	02
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31.03.2020	351 members and 494050 shares

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

## 17. DEPOSITORY SERVICES:

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

National Securities Depository Ltd.	Central Depository Services (India) Ltd.
Trade World, 4th Floor Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai-400013. Tel : 09 1-022-24994200 Fax:091-022-24972993/24976351 Email : info@nsdl.co.in	Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai - 400023. Tel : 091-022-22723333 Fax : 091-022-22723199 Email: investors@cdslindia.com

## CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

As the Managing Director cum Chief Executive Officer and Whole Time Director cum Chief Financial Officer of Kellton Tech Solutions Limited and as required by Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year 2019-20.

Further, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual report as **Annexure-B**.

**By the order of the Board of Directors**

**Place:** Hyderabad  
**Date:** 01.09.2020

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

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



### CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

*[Pursuant to clause (i) of Point (10) of Para C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

We have examined the following documents:

1. Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act')
2. Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

As submitted by the Directors of **Kellton Tech Solutions Limited** ('the Company') bearing CIN: L72200T-G1993PLC016819 and having its registered office at Plot No 1367, Road No- 45 Jubilee Hills Hyderabad 500033, to the Board of Directors of the Company ('the Board') for the Financial Year ended 31st March, 2020. We have considered non-disqualification to include non debarment by Regulatory / Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Based on our examination of relevant documents made available to us by the Company and such other verifications carried out by us as deemed necessary and to the extent possible, in our opinion and to the best of our information and knowledge and (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and according to the explanations provided by the Company, its officers and authorized representatives, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that none of the Directors on the Board of the Company, as listed hereunder, for the financial year ended 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Sr. No	Name of Director	Director Identification Number (DIN)
1.	Krishna Chintam	01658145
2.	Niranjan Chintam	01658591
3.	Brijmohan Venkata Mandala	00295323
4.	Srinivas Potluri	03412700
5.	Karan Jit Singh	06898258
6.	Pydisetty Veera Venkata Srinivasa Rao	06805347
7.	Srinivasa Vijay Kumar Appana	00299638
8.	Kunda Kalpana	07328517



This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st March, 2020.

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

**Place:** Hyderabad  
**Date:** 01.09.2020

**Sd/-**  
**N.V.S.S. Suryanarayana Rao**  
Membership Number: 5868  
Certificate of Practice Number: 2886  
UDIN: A005868B000647951





## CEO & CFO DECLARATION

To  
The Board of Directors  
**Kellton Tech Solutions Limited**

We, Krishna Chintam, Managing Director cum CEO and Niranjana Chintam Whole-time Director cum CFO of the Kellton Tech Solutions Limited, to the best of our knowledge and information, and on behalf of the Company certify that:

**a.** We have reviewed financial statements and the Cash flow Statement for the year ended March 31, 2020 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 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.** During the year under reference:

(i) there were no significant changes in the internal control over financial reporting;

(ii) no significant changes in accounting policies were made; and

(iii) no instance of significant fraud 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, has come to our notice.

**Place:** Hyderabad  
**Date:** 01.09.2020

**Sd/-**  
**Krishna Chintam**  
MD cum CEO  
DIN: 01658145

**Sd/-**  
**Niranjana Chintam**  
WTD cum CFO  
DIN: 01658591



## CERTIFICATE ON CORPORATE GOVERNANCE

TO  
THE MEMBERS OF  
**Kellton Tech Solutions Limited**

I have examined the compliance of conditions of Corporate Governance by Kellton Tech Solutions Limited ("the Company") for the year ended March 31, 2020, as stipulated in Regulation 17-27 and clause (b) to (i) of Sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulation 17-27 and clause (b) to (i) of Sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year ended March 31, 2020 except the following:

Information about the attendance of audit Committee meeting submitted in Corporate Governance Report filed for the quarter ended 31st December, 2019 and 31st March, 2020 was not in line with minutes submitted by the company.

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

for **N.V.S.S. SuryanarayanaRao**  
Company Secretaries

Sd/-

**N.V.S.S. SuryanarayanaRao**  
Membership Number: 5868  
Certificate of Practice Number: 2886  
UDIN: A005868B000647960

**Place:** Hyderabad  
**Date:** 01.09.2020



**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED March 31, 2020**  
**[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, audit (and due to country wide lockdown on account of COVID-19 pandemic and restriction imposed by the Central and State Governments such verification is carried out through the electronic means only), I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2020, ("Audit Period") 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the "Act") and the rules made there under and other applicable provisions of the Companies Act, 1956 which are still in force;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (Not Applicable to the Company during the year under review);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



**I further report that:**

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

Adequate notice is given to all Directors to schedule the Board Meetings 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.

All the 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.

**NVSS Suryanarayana Rao**

ACS Membership Number: 5868

Certificate of Practice Number: 2886

UDIN: A005868B000638720

**Place:** Hyderabad

**Date:** 31.08.2020

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



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

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

a. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of 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 my opinion.

c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d. Where ever required, I have obtained Management Representation about the compliance, laws, rules and regulations and happening of events etc.

e. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

f. 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.

**NVSS Suryanarayana Rao**

ACS Membership Number: 5868

Certificate of Practice Number: 2886

UDIN: A005868B000638720

**Place:** Hyderabad

**Date:** 31.08.2020



### FORM MGT – 9

#### EXTRACT OF ANNUAL RETURN

**As on financial year ended on 31<sup>st</sup> March 2020**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

#### I. REGISTRATION AND OTHER DETAILS:

CIN	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 - 500033, Telangana
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 (Providing Software support and maintenance to the client)	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)



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	23,94,384	0	23,94,384	2.48	23,94,384	0	23,94,384	2.48
b) Central Govt	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0
d) Bodies Corp.	5,59,71,900	-	5,59,71,900	58.07	5,44,37,740		5,44,37,740	56.48
e) Banks / FI	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0
<b>Sub-total(A)(1):</b>	<b>5,83,66,284</b>	<b>0</b>	<b>5,83,66,284</b>	<b>60.55</b>	<b>5,68,32,124</b>	<b>0</b>	<b>5,68,32,124</b>	<b>58.96</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>5,83,66,284</b>	<b>0</b>	<b>5,83,66,284</b>	<b>60.55</b>	<b>5,68,32,124</b>	<b>0</b>	<b>5,68,32,124</b>	<b>58.96</b>
								<b>-1.59</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	0
a) Mutual Funds	2,93,400	-	2,93,400	0.3	2,93,400	0	2,93,400	0.3	2,93,400	0	2,93,400	0.3	2,93,400	0	2,93,400	0.3	2,93,400	0	2,93,400	0.3	Nil	0.07
b) Banks / FI	0	0	0	0	64263	0	64263	0	64263	0	64263	0.07	64263	0	64263	0.07	64263	0	64263	0.07	0	0.07
c) Central Govt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0
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	0
f)Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g) FIs	28,43,507	0	28,43,507	2.95	28,43,507	0	28,43,507	2.95	28,43,507	0	28,43,507	0	28,43,507	0	28,43,507	0	28,43,507	0	28,43,507	0	0	-2.95
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	0
i) Others (specify)Foreign Portfolio Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):</b>	<b>31,36,907</b>	<b>0</b>	<b>31,36,907</b>	<b>3.25</b>	<b>31,36,907</b>	<b>0</b>	<b>31,36,907</b>	<b>3.25</b>	<b>31,36,907</b>	<b>0</b>	<b>31,36,907</b>	<b>0.37</b>	<b>31,36,907</b>	<b>0</b>	<b>31,36,907</b>	<b>0.37</b>	<b>31,36,907</b>	<b>0</b>	<b>31,36,907</b>	<b>0.37</b>	<b>-2.88</b>	<b>-2.88</b>
(2)Non-Institutions																						
a) Bodies Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
i) Indian	47,58,083	9,400	47,67,483	4.95	47,58,083	0	47,58,083	4.95	47,58,083	0	47,58,083	4.95	47,58,083	0	47,58,083	4.95	47,58,083	0	47,58,083	4.95	0	0
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	1,55,89,464	6,13,800	1,62,03,264	16.81	1,62,03,264	0	1,62,03,264	16.81	1,62,03,264	0	1,62,03,264	22.09	1,62,03,264	0	1,62,03,264	22.09	1,62,03,264	0	1,62,03,264	22.09	5.28	5.28
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,23,56,219	0	1,23,56,219	12.82	1,23,56,219	0	1,23,56,219	12.82	1,23,56,219	0	1,23,56,219	10.65	1,23,56,219	0	1,23,56,219	10.65	1,23,56,219	0	1,23,56,219	10.65	-2.17	-2.17
c) Others (specify)	13,98,979	1,53,332	15,52,311	1.61	15,52,311	0	15,52,311	1.61	15,52,311	0	15,52,311	2.98	15,52,311	0	15,52,311	2.98	15,52,311	0	15,52,311	2.98	1.37	1.37
Sub-total(B)(2):	3,47,16,545	1,62,732	3,48,79,277	36.19	3,48,79,277	0	3,48,79,277	36.19	3,48,79,277	0	3,48,79,277	40.66	3,48,79,277	0	3,48,79,277	40.66	3,48,79,277	0	3,48,79,277	40.66	4.47	4.47
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>3,78,53,452</b>	<b>1,62,732</b>	<b>3,80,16,184</b>	<b>37.45</b>	<b>3,80,16,184</b>	<b>0</b>	<b>3,80,16,184</b>	<b>37.45</b>	<b>3,80,16,184</b>	<b>0</b>	<b>3,80,16,184</b>	<b>41.03</b>	<b>3,80,16,184</b>	<b>0</b>	<b>3,80,16,184</b>	<b>41.03</b>	<b>3,80,16,184</b>	<b>0</b>	<b>3,80,16,184</b>	<b>41.03</b>	<b>-1.60</b>	<b>-1.60</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>9,62,19,736</b>	<b>1,62,732</b>	<b>9,63,82,468</b>	<b>100</b>	<b>9,63,82,468</b>	<b>0</b>	<b>9,63,82,468</b>	<b>100</b>	<b>9,63,82,468</b>	<b>0</b>	<b>9,63,82,468</b>	<b>100</b>	<b>9,63,82,468</b>	<b>0</b>	<b>9,63,82,468</b>	<b>100</b>	<b>9,63,82,468</b>	<b>0</b>	<b>9,63,82,468</b>	<b>100</b>	<b>Nil</b>	<b>Nil</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	% change in share holding during the year		
1	Chintam Krishna Reddy	11,42,286	1.18	-	11,42,286	1.18	-	-	-	
2	Sreevidya Chintam	9,02,776	0.94	-	9,02,776	0.94	-	-	-	
3	Mohana Chintam	3,28,552	0.34	-	3,28,552	0.34	-	-	-	
4	Lakshmi Chintam	20,770	0.02	-	20,770	0.02	-	-	-	
5	Kellton Wealth Management LLP	1,28,00,000	13.28	-	1,19,33,384	12.38	1.54	-0.9	-	
6	Matric Finvest LLP	4,31,71,900	44.79	5.81	4,25,04,356	44.1	18.41	-0.69	-	
	<b>TOTAL</b>	<b>5,83,66,284</b>	<b>60.55</b>	<b>5.81</b>	<b>5,68,32,124</b>	<b>58.96</b>	<b>19.95</b>	<b>-1.59</b>		

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

There is no change in the shareholding of Promoter's during the year.

## 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		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Arcadia Share And Stock Brokers PVT LTD	-	-	77,51,639	8.04
2	Ankit Kothari	-	-	20,48,257	2.13
3	Kellton Securities Pvt Ltd	-	-	15,24,488	1.58
4	Prosoft Cyberworld Private Limited	10,89,668	1.3	10,89,668	1.3
5	Bhavani Sanna Reddy	12,63,654	1.31	9,51,654	0.99
6	Indianivesh Shares And Securities Pvt. Ltd	0	0	8,00,000	0.83
7	Mahendra Ramakrishna Dandekar	7,50,058	0.78	7,50,058	0.78
8	Ricco International Private Limited	6,73,734	0.7	6,73,734	0.7
9	Ashish Kumar	6,38,668	0.66	6,38,668	0.66
10	Peddiboyana Ramanaih	0	0	5,97,458	0.62



## 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 Chintam-Executive Chairman/WTD	Nil	Nil	Nil	Nil
	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
2	Krishna 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	11,42,286	1.19	11,42,286	1.19
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change			
3	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	11,42,286	1.19	11,42,286	1.19
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change			
	At the End of the year	2,00,000	0.20	2,00,000	0.20
	At the End of the year	2,00,000	0.20	2,00,000	0.20
	At the End of the year	2,00,000	0.20	2,00,000	0.20



# KELLTON TECH SOLUTIONS LIMITED

<b>4</b>	Karanjit Singh - Whole Time 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	3,73,490	0.38	3,73,490	0.38
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change			
	At the End of the year	3,73,490	0.38	3,73,490	0.38
<b>5</b>	Srinivas Potluri - 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	3,33,332	0.34	3,33,332	0.34
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change			
	At the End of the year	3,33,332	0.34	3,33,332	0.34
<b>6</b>	P Srinivasa Rao - 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				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year				

Nil



7	Kunda Kalpana - 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				
	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		
	At the End of the year				
8	Srinivasa Vijay Kumar Appana - 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				
	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		
	At the End of the year				
9	Ahsan Ali Hussain Ajnai - Company Secretary (Resigned as on 16th April, 2020)	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	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		
	At the End of the year				



## V. INDEBTEDNESS:

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

	Secured Loans excluding de- posits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	21,59,50,038	-	-	21,59,50,038
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	34,663	-	-	34,663
<b>Total (i+ii+iii)</b>	<b>21,59,84,701</b>	<b>-</b>	<b>-</b>	<b>21,59,84,701</b>
Change in Indebtedness during the financial year				
Addition	6,91,58,196	207,94,106	-	8,99,52,302
Reduction	20,15,565	-	-	20,15,565
<b>Net Change</b>	<b>671,42,631</b>	<b>2,07,94,106</b>	<b>-</b>	<b>8,79,36,737</b>
Indebtedness at the end of the financial year				
i) i) Principal Amount	28,30,92,669	2,07,94,106	-	30,38,86,775
ii) Interest due but not paid				
Interest accrued but not due	2,17,246	-	-	2,17,246
<b>Total (i+ii+iii)</b>	<b>28,33,09,915</b>	<b>2,07,94,106</b>	<b>-</b>	<b>30,41,04,021</b>

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



**A. Remuneration to Managing Director, Whole-time Directors and/or Manager\*:** Refer Note No. 36(v) of Standalone financial statements

**B. REMUNERATION TO OTHER DIRECTORS :**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Brijmohan V Mandala	Srinivas Potluri	P Srinivasa Rao	Kunda Kalpana	Srinivasa Vijay Kumar Appana	
1	Independent Directors						
	Fee for attending board / committee meetings	Nil	Nil	Nil	80,000	Nil	80,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	80,000	Nil	80,000
2	Other Non-Executive Directors	Nil	Nil	Nil	Nil	Nil	Nil
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1+2)	Nil	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	80,000	Nil	80,000
	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		
		*Ahsan Ajani (CS)	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,51,215	-	4,51,215
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
2	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
3	Stock Option	-	-	-
4	Sweat Equity			
	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify			
5	Others, please Specify	-	-	
	Total	4,51,215	-	4,51,215

\* Mr. Ahsan Ajani resigned effective from 16th April, 2020

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

There were no Penalties, Punishment or Compounding of offences during the F.Y. ended 31st March, 2020.

**By the order of the Board of Directors**

**Place:** Hyderabad  
**Date:** 01.09.2020

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

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





### REPORT ON CORPORATE SOCIAL RESPONSIBILITY

#### 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 CSR Committee of the Board and formulation of a CSR 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. Srinivas Vijay Kumar Appana	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

Kellton Tech this year directly contributed to the primary and higher education of underprivileged children and to Sammaan.org, whose vision is that "Every person is able to lead their life with dignity and pride while respecting others in the society."

Sammaan provides healthcare services through Mobile Medical Units(MMUs) with the support of State Health Society, Govt. of Bihar under NRHM. The organization provides healthcare services by catering to 38 districts and six medical colleges of Bihar through 44 advance life support ambulances and 50 mortuary vans.



We at Kellton, understanding the criticality of life support health services, especially in the remote areas of Bihar, decided to participate under Sammaan's "Better Health" activity and contributed towards the noble cause of procuring more "medical ambulances" and "Mobile Medical Units (MMUs)."

These medical ambulances are advanced life support ambulances equipped with over 40 hi-tech life-saving equipment such as oxygen, ventilator, cardiac monitor, defibrillator, etc. along with the availability of critical drugs. A skilled emergency medical technician, along with support-staff, is onboard round the clock to ensure the safe pre-medical treatment of the patients.

This initiative caters to all 38 districts and six medical colleges of Bihar through these advanced life support ambulances. A 24x7 centralized control room monitors the operations of these ambulances deployed at Sadar hospitals and medical colleges.

However, distance from the health center, lack of transport system, the economic condition of the people are among the few factors that keep the poor living in remote areas away from the health services. The MMUs cater to the healthcare services for the people living in remote areas, as it is one of the significant challenges for the state of Bihar.

Sammaan Foundation has been working to take the health services to the doorstep of the beneficiaries. These MMUs cater to the slums and suburban areas. The vans carry with them an MBBS doctor along with a skilled team of nurses and lab technicians. All diagnosis, tests, drug distribution, is done at the MMU itself

## FINANCIAL DETAILS

Section 135 of the Companies Act, 2013 and Rules made under it prescribe that every company having a "net worth of Rs. 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 2019-20 are as follows:

- Average Net profit for the preceding three Financial Years for the purpose of computation of CSR : Rs. 8,89,22,736/-
  - Prescribed CSR expenditure (2% of Average Net Profit): Rs. 17,78,455/-
  - Details of CSR spent for the financial year :
- a. Total amount spent during the financial year 2019-20 : Rs. 26,15,375/-
  - b. Amount unspent, if any: Nil
  - c. Manner in which the amount spent during the financial year is detailed below:



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.	Scholarship fund for meritorious students	Education	Telangana/ Andhra Pradesh	1,21,000	1,21,000	1,21,000	Kellton Tech Solutions Limited
2.	Fund provided to Rajaji Education Foundation	Education	Telangana/ Andhra Pradesh	96,000	96,000	96,000	Kellton Tech Solutions Limited
3.	Amount spent for REACH OUT initiative	Child and Health Care	Telangana	15,875	15,875	15,875	Kellton Tech Solutions Limited
4.	Amount spent for Delhi Fransalian Society	Education	Delhi	10,000	10,000	10,000	Kellton Tech Solutions Limited
5	Amount spent for Chaitra Foundation	To provide accommodation, food and basic needs	Telangana/ Andhra Pradesh	1,00,000	1,00,000	1,00,000	Kellton Tech Solutions Limited
6	Amount spent for Sanman Foundation	assist families and patients for curative and palliative	Telangana/ Andhra Pradesh	22,72,500	22,72,500	22,72,500	Kellton Tech Solutions Limited

**Place:** Hyderabad

**Date:** 01.09.2020

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

**Sd/-**  
**Srinivas Vijay Kumar Appana**  
 CSR Committee Chairman  
 DIN: 00299638



### INDEPENDENT AUDITOR'S REPORT

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

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

#### **Opinion**

We have audited the accompanying standalone financial statements of Kellton Tech Solutions Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, 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. ("hereinafter referred to as the "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the afore-said standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



SI No	Key Audit Matter	Auditor’s Response
1	<p><b>Fixed price contracts using the percentage of completion method</b></p> <p>Fixed price maintenance revenue is recognized either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using percentage of completion method when the pattern of benefits from services rendered to the customer and Company’s costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time has been recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. We identified the estimate of total efforts or efforts to complete fixed price contracts measured using the percentage of completion method as a key audit matter as the estimation of efforts or costs involves significant judgement throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts or costs incurred to date and estimates of efforts or costs required to complete the remaining contract performance obligations over the lives of the contracts.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures related to estimates of total expected costs or efforts to complete for fixed-price contracts included the following, among others:</p> <p>We tested the effectiveness of controls relating to (1) recording of efforts or costs incurred and estimation of efforts or costs required to complete the remaining contract performance obligations and (2) access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorized changes to recording of efforts incurred.</p> <p>We selected a sample of fixed price contracts with customers accounted using percentage-of completion method and performed the following:</p> <ul style="list-style-type: none"> <li>• Compared efforts or costs incurred with Company’s estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract.</li> <li>• Tested the estimate for consistency with the status of delivery of milestones and customer acceptances and sign off from customers to identify possible delays in achieving milestones, which require changes in estimated costs or efforts to complete the remaining performance obligations.</li> </ul>

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone financial statements and our auditor’s report thereon.



Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 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, changes in equity and cash flows of the Company in accordance with the Ind AS 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.

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by 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 relevant books of account.

**d)** In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

**e)** On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

**h)** 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 and its subsidiary companies incorporated in India.

**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 P A R Y & Co**

Chartered Accountant

FRN: 007288C

## **P. Vamshi Krishna Reddy**

**Partner**

M.No. 224674

UDIN:20224674AAAAHK2748

**Place:** Hyderabad

**Date:** 11.07.2020





**(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, 2020 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.

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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **For P A R Y & Co**

Chartered Accountant

FRN: 007288C

## **P. Vamshi Krishna Reddy**

**Partner**

M.No. 224674

UDIN:20224674AAAAHK2748

**Place:** Hyderabad

**Date:** 11.07.2020



## 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, 2020 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.



**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 P A R Y & Co**

Chartered Accountant

FRN: 007288C

**P. Vamshi Krishna Reddy**

**Partner**

M.No. 224674

UDIN:20224674AAAAHK2748

**Place:** Hyderabad

**Date:** 11.07.2020



## STANDALONE BALANCE SHEET AS AT 31.03.2020

(Amount in Rs)

	NOTE	As At Mar 31 '2020	As At Mar 31 '2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5.1	9,55,89,339	9,12,51,098
Right to use Assets	5.2	6,58,82,306	-
Goodwill	6	9,62,50,000	9,62,50,000
Other intangible assets		1,09,66,710	1,82,36,825
<b>Financial assets</b>			
Investments	7	86,92,18,034	73,64,91,333
Other financial assets	8	1,54,61,230	1,39,40,195
Deferred tax assets (net)	9	1,71,97,741	45,74,038
Other non-current assets	10	32,21,52,578	34,25,64,234
		<b>1,49,27,17,938</b>	<b>1,30,33,07,723</b>
<b>Current assets</b>			
Inventories	29	5,65,332	2,66,34,636
<b>Financial assets</b>			
Trade receivables	11	48,71,80,010	47,60,10,560
Cash and cash equivalents	12.1	30,28,850	18,30,132
Bank balances other than cash and cash equivalents	12.2	91,985,116	7,41,55,258
Other financial assets	13	23,87,66,961	10,51,04,325
Current Tax Assets		-	8,87,620
Other current assets	14	9,41,78,760	8,77,56,849
		<b>91,57,05,029</b>	<b>77,23,79,380</b>
<b>TOTAL ASSETS</b>		<b>2,40,84,22,967</b>	<b>2,07,56,87,103</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	48,19,12,340	48,19,12,340
Other equity	16	73,40,70,203	63,98,73,632
		<b>1,21,59,82,543</b>	<b>1,12,17,85,972</b>



<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	9,03,22,355	1,54,48,297
Other financial liabilities	18	25,69,82,945	33,14,11,800
Other non-current liabilities	19	6,01,44,226	-
Provisions	20	2,45,83,211	1,79,65,591
Lease Liabilities	21	8,55,52,529	-
		<b>51,75,85,266</b>	<b>36,48,25,688</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	20,15,52,553	19,99,05,667
Trade payables	23	9,38,38,585	15,07,05,239
Other financial liabilities	24	1,22,29,113	6,30,737
Other current liabilities	25	12,95,98,851	19,26,91,476
Provisions	26	23,49,84,829	4,51,42,324
Current tax liabilities (Net)		26,51,227	-
		<b>67,48,55,158</b>	<b>58,90,75,443</b>
		<b>1,19,24,40,424</b>	<b>95,39,01,131</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,40,84,22,967</b>	<b>2,07,56,87,103</b>

The Accompanying notes 1 to 50 form an integral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

Sd/-

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

UDIN:20224674AAAAHK2748

Sd/-

**Niranjan Chintam**

Director & CFO

Sd/-

**Krishna Chintam**

Managing Director & CEO

Sd/-

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020



## STANDALONE STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH 2020 (Amount in Rs)

	Note	For the year ended	
		31-Mar-20	31-Mar-19
Revenue from operations	27	1,26,79,92,228	1,11,17,57,704
Other income	28	3,70,78,911	4,48,31,816
<b>Total income</b>		<b>1,30,50,71,139</b>	<b>1,15,65,89,520</b>
<b>Expenses</b>			
Cost of materials consumed	29	22,80,76,178	21,62,12,440
Employee benefits expense	30	66,04,70,280	54,93,79,674
Finance costs	31	5,08,85,414	3,99,27,982
Depreciation and amortization expense	32	6,34,14,659	2,28,69,305
Other expenses	33	15,38,54,426	21,29,46,819
<b>Total expenses</b>		<b>1,15,67,00,957</b>	<b>1,04,13,36,220</b>
<b>Profit / (Loss) before Exceptional items and tax</b>		<b>14,83,70,182</b>	<b>11,52,53,300</b>
Exceptional Items		-	-
<b>Profit / (Loss) before tax</b>		<b>14,83,70,182</b>	<b>11,52,53,300</b>
<b>Tax expense:</b>			
Current tax		4,78,53,186	3,29,30,228
Tax/(credit) in respect to earlier years		9,21,491	38,15,695
Deferred tax		(1,30,19,283)	(59,75,252)
<b>Profit (Loss) for the period from continuing operations</b>		<b>11,26,14,788</b>	<b>8,44,82,629</b>
<b>Profit/(loss) for the period</b>		<b>1,126,14,788</b>	<b>8,44,82,629</b>
<b>Other comprehensive income</b>			
A) (i) Items that will not be reclassified to profit or loss		-	-
Remeasurements of the defined benefit (liabilities) / asset net of tax		(13,59,385)	16,12,393
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,95,581)	4,69,206
B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive income</b>		<b>(17,54,966)</b>	<b>20,81,599</b>
<b>Total comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>11,08,59,822</b>	<b>8,65,64,228</b>

# KELLTON TECH SOLUTIONS LIMITED



<b>Earnings per equity share (for continuing operation):</b>			
Basic	34	1.15	0.90
Diluted		1.13	0.90

The Accompanying notes 1 to 50 form an intergral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C

Chartered Accountants

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

**Sd/-**

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

UDIN:20224674AAAAHK2748

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director & CEO

**Sd/-**

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020





## STANDALONE STATEMENT OF CASH FLOW

(Amount in Rs)

	For the Year ended	
	March 31'2020	March 31'2019
<b>Cash flow from Operating Activities</b>		
Profit for the Period	14,83,70,182	11,52,53,300
Adjustments for :		
Depreciation and amortization expense	6,34,14,659	2,28,69,305
Expense on employee stock based compensation	16,37,215	9,81,014
Bad Debts	-	2,45,760
Finance costs	5,08,85,414	3,99,27,982
Miscellaneous expenses written back	-	5,40,479
Loss on disposal of property, plant and equipment	-	98,314
Changes in operating assets and liabilities		
Trade receivables	(1,11,69,450)	1,43,56,396
Other assets	(16,72,33,739)	(5,10,11,965)
Trade payables	(5,68,66,654)	(1,64,18,961)
Other liabilities	(25,52,818)	11,65,92,915
Provisions	19,47,05,159	2,00,54,440
<b>Net cash provided by operating activities before taxes</b>	<b>22,11,89,968</b>	<b>26,34,88,979</b>
Income taxes paid	4,52,35,830	5,35,78,712
<b>Net cash provided by operating activities</b>	<b>17,59,54,137</b>	<b>20,99,10,267</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(2,34,19,207)	(4,40,60,856)
Investment in subsidiaries	(13,27,26,701)	(3,51,04,411)
<b>Net cash (used in)or provided by investing activities</b>	<b>(15,61,45,908)</b>	<b>(7,91,65,267)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	-	-
Change in securities premium	-	-
Finance costs paid	(5,08,85,414)	(3,99,27,982)
Change in loans and borrowings	8,81,19,320	(9,28,87,790)
Repayment of Lease liabilities	(3,80,13,559)	-
<b>Net cash used in financing activities</b>	<b>(7,79,653)</b>	<b>(13,28,15,772)</b>
Net increase in cash and cash equivalents	1,90,28,576	(20,70,772)



Cash and cash equivalents including bank balances other than cash and cash equivalent at the beginning of the period	759,85,390	780,56,162
<b>Cash and cash equivalents including bank balances other than cash and cash equivalent at the end of the period</b>	<b>950,13,966</b>	<b>759,85,390</b>

The Accompanying notes 1 to 50 form an intergral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

**Sd/-**

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

UDIN:20224674AAAAHK2748

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director & CEO

**Sd/-**

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020



**KELLTON TECH SOLUTIONS LIMITED**  
**Statement of changes in equity for the year ended March 31, 2020**

Particulars	Amount
<b>(a) Equity share capital (Balance at the April 1, 2019)</b>	<b>963,82,468</b>
Add: Shares capital issued	-
<b>Balance at the March 31, 2020</b>	<b>963,82,468</b>

**(b) Other equity**

Particulars	Reserves and Surplus (refer note 16)					Total
	Capital reserve	General reserve	Securities premium reserve	Share options outstanding account	Retained earnings	
<b>Balance as at April 1, 2018</b>	<b>5,67,350</b>	<b>13,551,494</b>	<b>13,07,79,404</b>	<b>166,17,478</b>	<b>38,96,26,470</b>	<b>55,11,42,196</b>
Changes in accounting policy or prior period errors						-
Total Comprehensive Income for the year comprising of:						-
Profit for the period					8,65,64,228	8,65,64,228
Other Changes (Specified as under) :						-
Issue of equity shares						-
Issue of share capital						-
Compensation cost related to employee share based payment				21,67,208		21,67,208
Restatement of other financial liability					-	-
<b>Balance as at March 31, 2019</b>	<b>5,67,350</b>	<b>13,551,494</b>	<b>13,07,79,404</b>	<b>1,87,84,686</b>	<b>47,61,90,698</b>	<b>63,98,73,632</b>
<b>Balance as at April 1, 2019</b>	<b>5,67,350</b>	<b>13,551,494</b>	<b>13,07,79,404</b>	<b>1,87,84,686</b>	<b>47,61,90,698</b>	<b>63,98,73,632</b>
Impact of adoption of Ind AS 116*					(2,06,20,204)	(2,06,20,204)



Changes in accounting policy or prior period errors									-
Total Comprehensive Income for the year comprising of:									-
Profit for the period							11,08,59,822		11,08,59,822
Other Changes (Specified as under) :									-
Compensation cost related to employee share based payment							39,56,953		39,56,953
Share issued against share application money									
<b>Balance at the March 31, 2020</b>	<b>5,67,350</b>	<b>1,35,51,494</b>	<b>13,07,79,404</b>	<b>2,27,41,639</b>	<b>56,64,30,316</b>	<b>7340,70,203</b>			

(\*Refer note 37)

The Accompanying notes 1 to 50 form an integral part of the financial statements  
As per our report of even date

**For P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

**Sd/-**  
**P. Vamshi Krishna Reddy**  
Partner

M No. 224674

UDIN:20224674AAAAHK2748

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

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

**Sd/-**  
**Surabi Jain**  
Company Secretary

M No. A49557

**Place :** Hyderabad  
**Date :** 11 July 2020



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS ACCOUNTING POLICIES FOR STANDALONE STATEMENTS 31<sup>ST</sup> -MARCH 2020

### 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.

c) Statement of compliance

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.

### 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

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method, The standard is applied retrospectively only to contracts that are not completed as at the date of the initial application and the comparative information is not restated in the condensed consolidated interim statement of profit and loss. The effect on adoption of the said standard was insignificant on these financial statements.



## **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) 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.

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

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

## **h) 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.

## **i) 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.

## **j) 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.

## **k) Leases**

Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. Company uses significant judgement in assessing the lease term and the applicable discount rate.

Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease,





or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## **l) 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) Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

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.

## **m) 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**

Leave encashment claims are settled on year to year basis.

### **n) 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.

### **o) 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.

## **p) 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.

## **q) 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.

## **r) 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.



## **s) 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

## **t) 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.

## **u) 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.

## **v) 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.

## **w) Related parties Transactions**

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



## KELLTON TECH SOLUTIONS LIMITED

Significant accounting policies and notes to the accounts  
For the year ended **March 31, 2020**

### Note No 5.1 Property, plant and equipment

Particulars	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
Gross carrying value							
<b>At April 1, 2019</b>	<b>26,15,628</b>	<b>58,64,089</b>	<b>5,32,47,126</b>	<b>4,36,09,647</b>	<b>4,73,07,423</b>	<b>2,32,10,579</b>	<b>17,58,54,491</b>
Additions	4,23,339	2,98,684	66,39,600	1,07,72,549	52,12,727	72,309	2,34,19,207
Disposals / adjustments	(4,99,972)	(13,33,082)	(1,12,31,944)	(6,53,662)	(68,227)	(14,891)	(1,38,01,778)
<b>At March 31, 2020</b>	<b>25,38,995</b>	<b>48,29,691</b>	<b>4,86,54,782</b>	<b>5,37,28,534</b>	<b>5,24,51,923</b>	<b>2,32,67,997</b>	<b>18,54,71,921</b>
Accumulated depreciation							
<b>At April 1, 2019</b>	<b>13,76,003</b>	<b>47,88,641</b>	<b>4,47,48,535</b>	<b>85,81,142</b>	<b>1,18,66,119</b>	<b>1,32,42,952</b>	<b>8,46,03,393</b>
Depreciation expense	2,92,268	5,70,590	57,37,428	47,68,772	49,61,663	27,50,247	1,90,80,967
Disposals / adjustments	(4,99,972)	(13,33,082)	(1,12,31,944)	(6,53,662)	(68,227)	(14,891)	(1,38,01,778)
<b>At March 31, 2020</b>	<b>11,68,299</b>	<b>40,26,149</b>	<b>3,92,54,019</b>	<b>1,26,96,252</b>	<b>1,67,59,555</b>	<b>1,59,78,308</b>	<b>8,98,82,582</b>
<b>Net block March 31, 2020</b>	<b>13,70,696</b>	<b>8,03,541</b>	<b>94,00,763</b>	<b>4,10,32,282</b>	<b>3,56,92,368</b>	<b>72,89,689</b>	<b>9,55,89,339</b>
<b>Net block March 31, 2019</b>	<b>12,39,624</b>	<b>10,75,448</b>	<b>84,98,591</b>	<b>3,50,28,505</b>	<b>3,54,41,304</b>	<b>99,67,626</b>	<b>9,12,51,098</b>



## Note No 5.2 Right of use assets

	Office premises
<b>Gross block (at cost)</b>	
As at April 1, 2019	-
"Additions (transitional impact on adoption of Ind AS 116)"	10,29,45,884
<b>As at March 31, 2020</b>	<b>10,29,45,884</b>
<b>Accumulated depreciation</b>	
As at April 1, 2019	-
Charge for the year	3,70,63,578
<b>As at March 31, 2020</b>	<b>3,70,63,578</b>
<b>Net block</b>	
<b>As at March 31, 2020</b>	<b>6,58,82,306</b>
<b>As at March 31, 2019</b>	-

## Note No 6. Other Intangible assets

	Good Will	Other Intangible Assets
Gross carrying value		
<b>At April 1, 2019</b>	<b>9,62,50,000</b>	<b>3,48,68,242</b>
Additions		
Disposals / adjustments	-	(85,44,580)
<b>At March 31, 2020</b>	<b>9,62,50,000</b>	<b>2,63,23,662</b>
Accumulated depreciation		
<b>At April 1, 2019</b>	-	<b>1,66,31,417</b>
Amortisation expense	-	72,70,115
Disposals / adjustments	-	(85,44,580)
<b>At March 31, 2020</b>	-	<b>1,53,56,952</b>
<b>Net block March 31, 2020</b>	<b>9,62,50,000</b>	<b>1,09,66,710</b>
<b>Net block March 31, 2019</b>	<b>9,62,50,000</b>	<b>1,82,36,825</b>



## NON-CURRENT ASSETS FINANCIAL ASSET

### Note No 7. Investments

Particulars	As at March 31'2020	As at March 31'2019
<b>1) Investment in equity instruments (unquoted) Wholly owned subsidiaries (At Cost)</b>		
8,323,765 (March 31, 2019: 8,323,765) fully paid equity shares in Kellton Dbydx Software Pvt Ltd	4,05,79,293	4,05,79,293
547,068 (March 31, 2019: 546,434) fully paid equity shares in Kellton Tech Inc	31,18,36,382	17,91,09,681
2,380 (March 31,2019: 2380) fully paid equity shares in Kellton Tech Solution Inc	51,68,02,359	51,68,02,359
0 (March 31, 2019: 0 fully paid equity shares in Kellton Tech Limited	-	-
<b>Total</b>	<b>86,92,18,034</b>	<b>73,64,91,333</b>

### Note No 8. Other Financial Assets

Particulars	As at March 31'2020	As at March 31'2019
Security deposits		
Unsecured considered good	154,61,230	139,40,195
<b>Total</b>	<b>154,61,230</b>	<b>139,40,195</b>

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

Particulars	As at March 31'2020	As at March 31'2019
<b>Deferred tax liabilities</b>		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	35,48,387	(16,44,465)
<b>Total Deferred tax liabilities</b>	<b>35,48,387</b>	<b>(16,44,465)</b>
<b>Deferred tax assets</b>		
Provision for doubtful debts	5,20,208	4,66,733
Provision for gratuity and leave encashment	74,01,177	57,51,770
Right of use asset and lease liability	57,27,969	
Mat Credit	-	-
<b>Total Deferred tax assets</b>	<b>1,36,49,354</b>	<b>62,18,503</b>
<b>Deferred tax assets after set off</b>	<b>1,71,97,741</b>	<b>45,74,038</b>



## Note No 10. Other non-current assets

Particulars	As at March 31'2020	As at March 31'2019
Security Deposit	56,88,547	5,36,258
Prepaid expenses	9,94,209	18,30,265
Other non-current assets	4,73,81,228	-
Other non current assets-Guarantee	25,69,82,945	33,14,11,800
Other non current assets-ESOPS	111,05,649	87,85,911
<b>Total</b>	<b>32,21,52,578</b>	<b>34,25,64,234</b>

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

## FINANCIAL ASSETS

### Note No 11. Trade receivables

Particulars	As at March 31'2020	As at March 31'2019
(Unsecured )		
Considered good	4889,66,438	4777,96,988
Considered doubtful	-	-
Less: Allowance for doubtful debts	(17,86,428)	(17,86,428)
<b>Total</b>	<b>48,71,80,010</b>	<b>47,60,10,560</b>

### Note No 12.1. Cash and cash equivalents

Particulars	As at March 31'2020	As at March 31'2019
Cash on hand	3,29,226	3,37,971
Balances with banks in current accounts	26,99,624	14,92,161
<b>Cash and cash equivalents as per balance sheet</b>	<b>30,28,850</b>	<b>18,30,132</b>

### Note No 12.2. Bank balances other than cash and cash equivalents

Particulars	As at March 31'2020	As at March 31'2019
Fixed Deposit with banks	9,19,85,116	7,41,55,258
<b>Total</b>	<b>9,19,85,116</b>	<b>7,41,55,258</b>





## Note No 13. Other current financial assets

Particulars	As at March 31'2020	As at March 31'2019
Advances to employees	40,19,193	49,37,352
Accrued Revenue	22,77,23,598	7,15,03,140
Other Advances	70,24,169	2,86,63,833
<b>Total</b>	<b>23,87,66,961</b>	<b>10,51,04,325</b>

## Note No 14. Other current assets

Particulars	As at March 31'2020	As at March 31'2019
Prepaid expenses	184,37,129	172,60,091
Deposits	74,36,450	25,57,401
Others	683,05,181	679,39,357
<b>Total</b>	<b>941,78,760</b>	<b>877,56,849</b>

## Note No 15. Equity share capital

a)

Particulars	As at March 31'2020	As at March 31'2019
Authorised		
12,00,00,000 (March 31, 2019: 12,00,00,000 ) equity shares of Rs 5/- each	6000,00,000	6000,00,000
Issued, subscribed and paid-up capital		
9,63,82,468 (March 31, 2019: 9,63,82,468 ) equity shares of Rs 5/- each fully paid	4819,12,340	4819,12,340
	4819,12,340	4819,12,340

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 31'2020		As at March 31'2019	
	No of Shares	Amount	No of Shares	Amount
Number of shares outstanding at the beginning of the period	9,63,82,468	48,19,12,340	9,63,82,468	48,19,12,340
Add: Shares issued on exercise of employee stock options		-	-	-
Add: Bonus shares issued *		-	-	-
Number of shares outstanding at the end of the period	9,63,82,468	48,19,12,340	9,63,82,468	48,19,12,340



**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**

Particulars	As at March 31'2020		As at March 31'2019	
	No of shares	% Holding	No of shares	% Holding
Name of the shareholder*				
1.Matnic Finvest LLP	4,25,04,356	44.09	4,31,71,900	44.79
2.Kellton Wealth Management LLP	1,19,33,384	12.38	1,28,00,000	13.28

\* 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, 2020:**

**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 16. Other equity**

Particulars	As at March 31'2020	As at March 31'2019
a) Capital reserve		
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



b) Security premium		
Amounts received on (issue of shares) in excess of the par value has been classified as securities premium.	13,07,79,404	1,307,79,404
c) General reserve		
This represents appropriation of profit by the Company.	1,35,51,494	1,35,51,494
d) Retained earnings		
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	56,64,30,316	47,61,90,698
e) Share option outstanding account		
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.	2,27,41,639	1,87,84,686
<b>Total</b>	<b>73,40,70,203</b>	<b>63,98,73,632</b>

## NON- CURRENT LIABILITIES FINANCIAL LIABILITIES

### Note No 17. Borrowings

Particulars	As at March 31'2020	As at March 31'2019
(Long Term and Secured)		
Vehicle Loans		
a) ICICI Bank Ltd	11,93,581	16,93,421
Loan - Indusind Bank	5,12,66,186	1,37,54,876
Loan - Livfin India Pvt Ltd	1,70,68,482	-
(Long Term and Unsecured)		
Other Loan	2,07,94,106	-
<b>Total</b>	<b>9,03,22,355</b>	<b>1,54,48,297</b>

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

Lender	Rate of Interest	Security	Terms of repayment	Amount Overdue
ICICI Banks	9.5%	Vehicle	60 Months	Nil
Indusind Bank	1 Year MCLR+ 0.10%	Pari Pasu charge with Axis bank	Multi years	Nil



## Note No 18. Other financial liabilities (secured)

Particulars	As at March 31'2020	As at March 31'2019
Guarantee*	25,69,82,945	33,14,11,800
<b>Total</b>	<b>25,69,82,945</b>	<b>33,14,11,800</b>

\* Secured by corporate guarantee; pari pasu charge on current assets and book debts of the company as well as book debts of Kellton Tech Inc (subsidiary company).

## Note No 19. Other non-current liabilities

Particulars	As at March 31'2020	As at March 31'2019
Other liabilities	6,01,44,226	-
<b>Total</b>	<b>6,01,44,226</b>	<b>-</b>

## Note No 20. Provisions : Other Long Term Provisions

Particulars	As at March 31'2020	As at March 31'2019
Provision for employee benefits		
Gratuity	2,45,83,211	1,79,65,591
<b>Total</b>	<b>2,45,83,211</b>	<b>1,79,65,591</b>

## Note No 21. Lease Liabilities

Particulars	As at March 31'2020"	As at March 31'2019
Opening balance	-	-
"Additions (transitional impact on adoption of Ind AS 116)"	12,35,66,092	-
<b>Add: Interest recognised during the year</b>	<b>1,17,32,889</b>	<b>-</b>
Less: Payments made	(4,97,46,452)	-
<b>Total</b>	<b>8,55,52,529</b>	<b>-</b>

## CURRENT LIABILITIES FINANCIAL LIABILITIES

### Note No 22. Borrowings

Particulars	As at March 31'2020	As at March 31'2019
<b>(Short Term and Secured)</b>		
Working Capital Loan : Axis Bank Limited	20,15,52,553	19,99,05,667
<b>Total</b>	<b>20,15,52,553</b>	<b>19,99,05,667</b>



**Note:**

Lender	Nature of facility	Sanction amount	Rate of interest	Security	Amount Overdue
Axis Bank	Cash Credit	2000,00,000	" 3 Months MCLR + 1.85% "	"(a) Pari Pasu charge on current assets, present and future alongwith Indusind bank . (b) Hypothecation on properties owned by promoters. (c ) Pledge of 24 lacs shares held by Matnic Finvest Private Limited (Promoter company) (d) Personal Gurantee and comfort letter from Promoters"	Nil

**Note No 23. Trade Payables**

Particulars	As at March 31'2020	As at March 31'2019
Trade Payables for goods and services	9,38,38,585	15,07,05,239
<b>Total</b>	<b>9,38,38,585</b>	<b>15,07,05,239</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 24. Other current financial liabilities**

Particulars	As at March 31'2020	As at March 31'2019
Current maturities of long-term debt*	1,20,11,867	5,96,074
Interest accrued but not due on borrowings*	2,17,246	34,663
<b>Total</b>	<b>1,22,29,113</b>	<b>6,30,737</b>

**Note:**

\*The details of interest rates, repayment and other terms are disclosed under note 17

**Note No 25. Other current liability**

Particulars	As at March 31'2020	As at March 31'2019
Statutory dues payable	1279,33,921	1375,83,103
Others	16,64,930	42,41,620
ICD from Subsidiary	-	5,08,66,753
<b>Total other current liabilities</b>	<b>12,95,98,851</b>	<b>19,26,91,476</b>



## Note No 26. Provisions : Other Short Term Provisions

Particulars	As at March 31'2020	As at March 31'2019
Provisions for employees benefits	7,36,53,278	448,92,324
Accrued Expenses	16,10,31,551	-
Audit fee payable	3,00,000	2,50,000
<b>Total</b>	<b>23,49,84,829</b>	<b>451,42,324</b>

## Note No 27. Revenue from operations

For the year ended

Particulars	March 31,2020	March 31,2019
Revenue from operations (net)		
Software Services	1,22,77,57,788	84,88,86,196
Hardware Services	5,18,955	23,60,03,889
Maintenance Services	397,15,485	2,68,67,619
<b>Total</b>	<b>1,26,79,92,228</b>	<b>1,11,17,57,704</b>

## Note No 28. Other income

For the year ended

Particulars	March 31,2020	March 31,2019
Foreign exchange gain/ (loss)	2,93,82,781	3,48,72,007
Interest income on financial assets at amortised cost	13,57,541	12,53,017
Interest received	58,08,996	49,70,162
Miscellaneous Income	5,29,593	37,36,630
<b>Total</b>	<b>3,70,78,911</b>	<b>4,48,31,816</b>

## Note No 29. Cost of Material Consumed

For the year ended

Particulars	March 31,2020	March 31,2019
Purchase of Stock in trade	20,20,06,874	21,86,37,055
Opening Stock	2,66,34,636	2,42,10,021
(Less): Closing stock	(5,65,332)	(2,66,34,636)
<b>Total</b>	<b>22,80,76,178</b>	<b>21,62,12,440</b>

## Note No 30. Employee benefits expense

For the year ended

Particulars	March 31,2020	March 31,2019
Salaries and wages	60,84,84,804	50,41,78,868
Gratuity Expenses*	86,02,049	83,31,103
Contribution to provident and other funds	1,79,71,180	1,48,88,728
Employee stock compensation expenses	16,37,215	9,81,014
Staff welfare expenses	2,37,75,032	2,09,99,961
<b>Total</b>	<b>66,04,70,280</b>	<b>54,93,79,674</b>

\* Refer note 35



## Note No 31. Finance costs

For the year ended

Particulars	March 31,2020	March 31,2019
Interest expense	2,81,53,863	2,27,54,004
Finance Cost on Lease	1,17,32,889	-
Exchange differences to the extent considered as an adjustment to borrowing costs	-	67,01,078
Other borrowing cost	1,09,98,662	1,04,72,900
<b>Total</b>	<b>5,08,85,414</b>	<b>3,99,27,982</b>

## Note No 32. Depreciation and amortization expense

For the year ended

Particulars	March 31,2020	March 31,2019
On property, plant and equipment	190,80,967	180,38,260
On other intangible assets	72,70,115	48,31,045
On Right-of-use assets	370,63,578	-
<b>Total</b>	<b>634,14,659</b>	<b>228,69,305</b>

## Note No 33. Other expenses

For the year ended

Particulars	March 31,2020	March 31,2019
Professional Fee	3,97,02,759	3,74,86,302
Rent	28,78,254	4,95,08,716
Travelling and Conveyance	3,26,84,495	2,37,95,102
Internet and webhosting	40,08,895	51,41,610
Repairs and maintenance	2,91,89,535	2,70,13,118
Sales and Marketing	67,39,166	64,84,330
Rates and taxes	1,26,056	1,17,563
CSR Contributions	26,15,525	18,50,240
Subscription fees and licences renewal cost	79,10,561	53,52,271
Loss on Sale of Asset	-	98,314
Exchange fluctuations Loss	89,81,201	2,73,24,518
Bad Debts	-	2,45,760
Other Miscellaneous expenses	1,87,17,980	2,82,28,975
<b>Auditor Remuneration:-</b>		
a) Statutory Audit fee	2,50,000	2,00,000
b) Taxation	50,000	50,000
c) Certification charges	-	50,000
<b>Total</b>	<b>1538,54,426</b>	<b>2129,46,819</b>



## Note No 34. Earnings per Share

The Company has exposure to the following risks arising from the financial instruments

<b>Particulars</b>	<b>31-Mar-2020</b>	<b>31-Mar-2019</b>
Numerator for EPS		
Net Profit after tax (A)	11,08,59,822	8,65,64,228
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	9,63,82,468	9,63,82,468
Weighted Average no. of Shares considered for Denominator for Diluted EPS (after effect of dilutive issues of stock options)(C)*	9,83,14,722	9,66,60,123
Basic and diluted Earnings Per Share (A)/(B)	1.15	0.90
Diluted Earnings Per Share (A)/(C)	1.13	0.90

\* The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

## Note No 35.

### 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 6.78% (31-March-2020-6.78% and 31-March-2019 - 7.60%). 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.

<b>Particulars</b>	<b>For the period ending</b>	
	<b>31-Mar-2020</b>	<b>31-Mar-2019</b>
<b>Present Value of Obligation as at beginning</b>	<b>1,85,02,927</b>	<b>1,35,51,090</b>
Current Service Cost	42,63,428	55,11,310
Interest Expense or Cost	12,90,390	10,52,920
Change in financial assumptions	13,59,385	(16,12,393)
<b>Present Value of Obligation as at the end</b>	<b>2,54,16,130</b>	<b>1,85,02,927</b>

### Bifurcation of Net Liability

<b>Particulars</b>	<b>As on</b>	
	<b>31-Mar-2020</b>	<b>31-Mar-2019</b>
Current Liability(Short-term)	8,32,919	5,37,336
Non-Current Liability(Long-term)	2,45,83,211	1,79,65,591
<b>Total Liability</b>	<b>2,54,16,130</b>	<b>1,85,02,927</b>





## b) Leave Encashment:-

Since leave encashment claims are settled on year to year basis, no actuarial valuation needs to be obtained.

## Note No 36. 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 are as follows:

<b>As at 31-March 2020</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>CAD</b>
Trade Receivable	43,33,595	13,535	1,91,395	3,159
Cash and Cash equivalent	-	-	-	-
Investments-(In WOS)	1,25,22,300	-	-	-
<b>Total</b>	<b>1,68,55,895</b>	<b>13,535</b>	<b>1,91,395</b>	<b>3,159</b>
Financial liabilities	-	-	-	-
Financial Guarantee	34,08,714	-	-	-
Trade payable	-	-	-	-
<b>As at 31-March 2019</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>CAD</b>
Trade Receivable	40,21,664	83,772	-	6,318
Cash and Cash equivalent	-	-	-	-
Investments-(In WOS)	1,06,20,300	-	-	-
<b>Total</b>	<b>1,46,41,964</b>	<b>83,772</b>	<b>-</b>	<b>6,318</b>
Financial liabilities	-	-	-	-
Financial Guarantee	47,91,265	-	-	-
Trade payable	-	-	-	-



## **b) Liquidity Risk**

The Company requires funds both for short-term operational needs as well as for long-term investment programmers 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 37. Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition: Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively



adjusted and therefore will continue to be reported under the accounting policies. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs.1,029.46 Lacs' and a lease liability of Rs.1,235.66 Lacs'. The cumulative effect of applying the standard, amounting to Rs.206.20 Lacs' was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments

The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows  
(Amount in Lacs)

Particulars	Year Ended Mar 31,2020
Balance as at April 1, 2019	-
Reclassified on account of adoption of Ind AS 116	1,029.46
Additions	-
Deletions	-
Depreciation	(370.64)
<b>Balance as at Mar 31, 2020</b>	<b>658.82</b>

The movement in lease liabilities during the year ended March 31, 2020 is as follows: (Amount in Lacs)

Particulars	Year Ended Mar 31,2020
Balance at the beginning	-
Reclassified on account of adoption of Ind AS 116	1,235.66
Additions	-
Finance cost accrued during the period	117.33
Deletions	-
Payment of Lease Liabilities	(497.46)
<b>Balance at the end</b>	<b>855.53</b>

## Note No 38. 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)
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)
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)
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)
Tivix Europe SP Z O O	Step Down Subsidiary (wholly owned subsidiary of Kellton Tech Limited)

## II) KEY MANAGEMENT PERSONNEL

- a) Mr. Niranjan Chintam–Director and CFO
- b) Mr. Krishna Chintam - Managing Director and CEO
- c) Mr. Karanjit Singh- Executive Director
- d) Mr. Ahsan Ajani and Ms.Surabi Jain-Company Secretary

## III) RELATIVE OF KEY MANAGEMENT PERSONNEL

Ms. Sree Vidya Chintam- Wife of Mr. Niranjan Chintam,Chairman

## IV) RELATED PARTY TRANSACTIONS DURING THE YEAR

Nature of Transactions	Name of Entity	31-March-2020	31-March-2019
<b>Sale of Services</b>	<b>Subsidiaries</b>		
	Prosoft Technology Group Inc	14,53,57,802	16,37,55,575
	Kellton Tech Limited	7,60,79,195	3,31,22,391
	Lenmar Consulting Inc	92,09,212	1,08,08,704
	Planetpro Inc	53,45,550	-
	Planetpro Asia Pte Limited	17,81,850	-
	Kellton Dbydx Software Private Limited	8,18,40,132	-
Rent paid for office building	<b>Relative of Key Management personnel</b>		
	Sree Vidya Chintam & Niranjan Chintam	1,73,64,384	1,65,37,500
ICD from Subsidiaries	Kellton Dbydx Software Private Limited	-	3,90,39,135



## V) REMUNERATION OF KEY MANAGERIAL PERSONNEL:

Particulars of Remuneration	For the year ended	
	31-March-2020	31-March-2019
Short Term employee benefits	1,19,22,387	1,18,15,960
Share-based payment transactions	Nil	Nil
Total compensation paid to key management personnel	1,19,22,387	1,18,15,960

\* 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 -2020	31-March -2019
Trade Receivable	Prosoft Technology Group Inc	9,65,61,711	7,52,87,287
	Kellton Tech Limited	1,58,95,306	Nil
	Lenmar Consulting Inc	Nil	2,50,400
	Planetpro Inc	14,15,282	Nil
Equity Investment in Subsidiaries			
	Kellton Dbydx Software Private Limited	4,05,79,293	4,05,79,293
	Kellton Tech Inc	31,18,36,382	17,91,09,681
	Kellton Tech Solutions Inc	51,68,02,359	51,68,02,359
ICD from Subsidiaries	Kellton Dbydx Software Private Limited	Nil	5,08,66,753
Security Deposit	Sree Vidya Chintam	25,85,000	25,85,000

### Note No 39. 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 10 grants under this scheme as of now.

Details of the grant/issue are given below

Particulars	Year Ended	Year Ended
	31-Mar-20	31-Mar-19
	No of option	No of option
Options outstanding at the beginning of the year	5,91,362	4,91,362
Granted during the year	-	1,00,000
Vested during the year	84,337	4,45,363
Exercised during the year	-	-
Lapsed or Forfeited during the years	22,167	-
Options outstanding at the end of the year	5,69,195	5,91,362
Options vested and exercisable at the end of the year	2,46,009	4,40,359



The financial entries pertaining to ESOPS are subject to reconciliation after considering the terms and conditions of issue of ESOPS.

## **Note No 40. Segment Reporting**

On standalone basis segmental revenue is 86% from Digital transformation services 14% from others.

## **Note No 41. Contingent liabilities**

Contingent liabilities as at 31-March-2020 are Nil (previous year-Nil).

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 due from Enterprise Consulting Partner, Inc is overdue but good and recoverable, since the said entity is also having due of sum of Rs 6,03,12,000 (USD 800000) in Kellton Tech Inc, subsidiary company. The balance due of Rs.35,83,787 is good and recoverable.

**Note No 43.** Inventory consists of only bought out items pertaining computer peripherals required for execution of projects.

**Note No 44.** GST is accounted based upon input credit commitments of parties however the relevant income is accounted as based when the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration.

**Note No 45.** The company is accounting on cash basis the liability of interest and penalty on account of delayed statutory payments as and when the demand is crystalized.

**Note No 46.** Confirmation of balances / Reconciliation: Sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other receivables from various parties are subject to confirmations. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained.

**Note No 47.** Impairment of goodwill as an assets has been considered by management and it is of view that there is no impairment in view of business continuity post acquisition of tekriti.

## **Note No 48. Corporate social responsibility**

The Company has incurred an expenditure of Rs.26.16 Lacs during the financial year (Previous year Rs.18.50 lacs) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013.

**Note No 49.** Previous year's figures have been regrouped where necessary to conform to current year's classification.



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**Note No 50.** Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has evaluated the likely impact of the COVID-19 on the overall business of the Company. Though it is too early to estimate the same in view of the volatility in the global economic conditions pursuant to this pandemic; the Company as at the date of the approval of these financials, has used various available sources of information to analyze the carrying amount of its financial assets and exposures. The impact of COVID-19 on the Company's financial statements may differ from the estimate as on the date of the approval of the financial statements.



### **Independent Auditors' Report To The Members of Kellton Tech Solutions Limited**

#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the accompanying standalone financial statements of Kellton Tech Solutions Limited ('the Company'), and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group') which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements")

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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity 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, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.





S NO	Key Audit Matter	Auditor's Response
1	<p><b>Fixed price contracts using the percentage of completion method</b></p> <p>Fixed price maintenance revenue is recognized either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using percentage of completion method when the pattern of benefits from services rendered to the customer and Group's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time has been recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.</p> <p>We identified the estimate of total efforts or efforts to complete fixed price contracts measured using the percentage of completion method as a key audit matter as the estimation of efforts or costs involves significant judgment throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts or costs incurred to-date and estimates of efforts or costs required to complete the remaining contract performance obligations over the lives of the contracts.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures related to estimates of total expected costs or efforts to complete for fixed-price contracts included the following, among others:                  We tested the effectiveness of controls relating to (1) recording of efforts or costs incurred and estimation of efforts or costs required to complete the remaining contract performance obligations and (2) access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorised changes to recording of efforts incurred.</p> <p>We selected a sample of fixed price contracts with customers accounted using percentage-of-completion method and performed the following:</p> <ul style="list-style-type: none"> <li>• Compared efforts or costs incurred with Group's estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract.</li> <li>• Tested the estimate for consistency with the status of delivery of milestones and customer acceptances and sign off from customers to identify possible delays in achieving milestones, which require changes in estimated costs or efforts to complete the remaining performance obligations.</li> </ul>



## **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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



they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other Matters**

We did not audit the financial statements / financial information of 4 subsidiaries, for the year ended on that date, as considered in the consolidated financial statements. As disclosed in Note No.45 forming part of accounts, these financial statements / financial information pertaining to 3 subsidiaries which are unaudited and 1 subsidiary which is audited by other auditors 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 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.

## **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 of 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, 2019 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, 2020 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

**h)** 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 P A R Y & Co**

Chartered Accountant

FRN: 007288C

**P. Vamshi Krishna Reddy**

Partner

M.No. 224674

UDIN No: 20224674AAAAHJ5903

**Place:** Hyderabad

**Date:** 11.07.2020



## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(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, 2020, 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 is 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, 2020, 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 P A R Y & Co

Chartered Accountant

FRN: 007288C

### P. Vamshi Krishna Reddy

Partner

M.No. 224674

UDIN No: 20224674AAAAHJ5903

**Place:** Hyderabad

**Date:** 11.07.2020

# KELLTON TECH SOLUTIONS LIMITED



## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

(Amount in Rs)

ASSETS	NOTE	As At Mar 31 '2020	As At Mar 31 '2019
<b>Non-current assets</b>			
Property, plant and equipment	6.1	10,36,14,728	9,98,88,678
Right to use Assets	6.2	12,36,80,260	-
Goodwill	7	2,25,66,62,861	1,99,01,12,954
Other intangible assets		29,39,77,101	10,68,57,894
<b>Financial assets</b>			
Other financial assets	8	1,69,43,469	1,97,62,806
Other non-current assets	9	2055,39,955	21,33,35,023
		<b>3,00,04,18,374</b>	<b>2,42,99,57,355</b>
<b>Current assets</b>			
Inventories	29	5,65,332	266,34,636
<b>Financial assets</b>			
Trade receivables	10	2,02,58,68,120	1,80,39,27,621
Cash and cash equivalents	11.1	19,61,49,536	18,42,80,451
Bank balances other than cash and cash equivalents	11.2	10,33,56,199	7,42,42,841
Other financial assets	12	1,15,50,59,021	85,23,62,133
Other current assets	13	70,29,59,478	61,81,94,075
		<b>4,18,39,57,686</b>	<b>3,55,96,41,757</b>
<b>TOTAL ASSETS</b>		<b>7,18,43,76,060</b>	<b>5,98,95,99,112</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	48,19,12,340	48,19,12,340
Other equity	15	3,68,15,88,590	2,80,95,72,225
		<b>4,16,35,00,930</b>	<b>3,29,14,84,565</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	16	28,57,36,529	35,92,54,017
Other financial liabilities	17	36,31,90,902	2,197,20,538
Other non-current liabilities	18	6,01,44,226	-
Provisions	19	2,45,83,211	1,79,65,591
Deferred tax liabilities (Net)	20	1,60,52,903	2,56,98,463





Lease Liabilities	21	15,48,87,480	-
		<b>90,45,95,251</b>	<b>62,26,38,609</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	66,89,44,468	69,16,62,788
Trade payables	23	39,23,52,357	36,46,96,848
Other financial liabilities	24	20,77,30,159	18,29,75,926
Other current liabilities	25	15,51,49,354	18,14,17,665
Provisions	26	45,43,24,571	45,38,37,803
Current tax liabilities (Net)		2377,78,970	20,08,84,908
		<b>2,11,62,79,879</b>	<b>2,07,54,75,938</b>
		<b>3,02,08,75,130</b>	<b>2,69,81,14,547</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,18,43,76,060</b>	<b>5,98,95,99,112</b>

The Accompanying notes 1 to 53 form an intergral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

Sd/-

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

UDIN No: 20224674AAAAHJ5903

Sd/-

**Niranjan Chintam**

Director & CFO

Sd/-

**Krishna Chintam**

Managing Director & CEO

Sd/-

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in Rs)

	Note	For the year ended	
		31-Mar-20	31-Mar-19
Revenue from operations	27	7,70,67,93,265	8,14,11,22,411
Other income	28	394,06,996	5,03,87,944
<b>Total income</b>		<b>7,74,62,00,261</b>	<b>8,19,15,10,355</b>
<b>Expenses</b>			
Cost of materials consumed	29	22,80,76,178	21,62,12,439
Employee benefits expense	30	3,70,38,76,973	3,85,09,49,139
Finance costs	31	16,43,18,080	18,88,83,115
Depreciation and amortization expense	32	12,81,12,154	6,65,89,784
Other expenses	33	2,65,10,66,828	2,89,51,53,210
<b>Total expenses</b>		<b>6,87,54,50,213</b>	<b>7,21,77,87,687</b>
<b>Profit / (Loss) before Exceptional items and tax</b>		<b>87,07,50,048</b>	<b>97,37,22,668</b>
Exceptional Items		-	-
<b>Profit / (Loss) before tax</b>		<b>87,07,50,048</b>	<b>97,37,22,668</b>
<b>Tax expense:</b>			
Current tax		17,73,92,744	20,33,08,575
Tax/(credit) in respect to earlier years		9,21,491	(5,87,924)
Deferred tax		(1,28,77,460)	15,79,103
<b>Profit (Loss) for the period from continuing operations</b>		<b>70,53,13,273</b>	<b>76,94,22,914</b>
<b>Profit/(loss) for the period</b>		<b>70,53,13,273</b>	<b>76,94,22,914</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)		(13,59,385)	16,12,393
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,95,581)	4,69,206
B) (i) Items that will be reclassified to profit or loss		3,89,08,147	(2,07,94,874)
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>Total other comprehensive income</b>		<b>3,71,53,181</b>	<b>(1,87,13,275)</b>
<b>Total comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>7424,66,454</b>	<b>75,07,09,639</b>

# KELLTON TECH SOLUTIONS LIMITED



<b>Earnings per equity share (for continuing operation):</b>			
Basic	34	7.70	7.79
Diluted		7.55	7.77

The Accompanying notes 1 to 53 form an integral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

**Sd/-**

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

UDIN No: 20224674AAAAHJ5903

**Sd/-**

**Niranjan Chintam**

Director & CFO

**Sd/-**

**Krishna Chintam**

Managing Director & CEO

**Sd/-**

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020



## CONSOLIDATED STATEMENT OF CASH FLOW

	For the Year ended	
	March 31'2020	March 31'2019
<b>Cash flow from Operating Activities</b>		
Profit for the Period	87,07,50,048	97,37,22,668
Adjustments for :		
Depreciation and amortization expense	12,81,12,154	6,65,89,784
Expense on employee stock based compensation	39,56,943	21,67,198
Allowance for doubtful debt	-	5,41,780
Bad Debts	-	30,46,655
Finance costs	16,43,18,080	18,88,83,115
Miscellaneous expenses written back	-	8,37,989
Foreign currency translation	3,89,08,147	(1,87,13,275)
Loss on disposal of property, plant and equipment	-	98,314
Changes in operating assets and liabilities		
Trade receivables	(22,19,40,499)	6,56,26,358
Other assets	(35,07,78,582)	(27,70,29,498)
Trade payables	2,76,55,509	(10,44,67,398)
Other liabilities	3,38,75,915	(92,24,318)
Provisions	71,04,388	(2,37,27,957)
<b>Net cash provided by operating activities before taxes</b>	<b>70,19,62,103</b>	<b>86,83,51,415</b>
Income taxes paid	(13,71,68,273)	(27,84,00,483)
<b>Net cash provided by operating activities</b>	<b>56,47,93,830</b>	<b>58,92,24,012</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(26,75,70,982)	(11,01,19,545)
Goodwill and capital reserve	(26,65,49,907)	11,81,54,380
Earnout payments-(net)	14,34,70,364	(39,31,77,672)
Proceeds from sale of investment in mutual funds		
<b>Net cash (used in)or provided by investing activities</b>	<b>(39,06,50,525)</b>	<b>(38,51,42,837)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	-	-
Change in securities premium	-	-
Finance costs paid	(16,43,18,080)	(18,88,83,115)
Change in loans and borrowings	(7,14,81,575)	9,42,84,380
Changes in Reserves	15,53,43,404	(5,64,76,713)
Repayment of Lease Liabilities	(5,27,04,611)	-
<b>Net cash used in financing activities</b>	<b>(13,31,60,862)</b>	<b>(15,10,75,448)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,09,82,443</b>	<b>5,30,05,727</b>

# KELLTON TECH SOLUTIONS LIMITED



Cash and cash equivalents including bank balances other than cash and cash equivalent at the beginning of the period	25,85,23,292	20,55,17,565
<b>Cash and cash equivalents including bank balances other than cash and cash equivalent at the end of the period</b>	<b>29,95,05,735</b>	<b>25,85,23,292</b>

The Accompanying notes 1 to 53 form an interegral part of the financial statements  
As per our report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

Sd/-

**P. Vamshi Krishna Reddy**

Partner

M No. 224674

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**Niranjan Chintam**

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**Krishna Chintam**

Managing Director & CEO

Sd/-

**Surabi Jain**

Company Secretary

M No. A49557

**Place :** Hyderabad

**Date :** 11 July 2020



## KELLTON TECH SOLUTIONS LIMITED

Statement of changes in equity for the year ended March 31, 2020

Particulars	Amount (Rs)
<b>(a) Equity share capital (Balance at the April 1, 2019)</b>	<b>963,82,468</b>
Add: Shares capital issued	-
<b>Balance at the March 31, 2020</b>	<b>963,82,468</b>

### (b) Other equity

Particulars	Reserves and Surplus (refer note 15)					Total
	Capital reserve	General reserve	Securities premium reserve	Share options outstanding account	Retained earnings	
<b>Balance as at April 1, 2019</b>	<b>18,49,57,932</b>	<b>1,17,97,477</b>	<b>1,307,79,404</b>	<b>1,87,84,686</b>	<b>2,48,19,66,001</b>	<b>2,80,95,72,225</b>
Total Comprehensive Income for the period comprising of:						
(i) Profit for the period					70,53,13,273	70,53,13,273
(ii) Other comprehensive income (net of taxes)	1,11,41,999				12,73,52,017	5,58,66,456
Impact of adoption of Ind AS 116 *					(3,16,14,333)	(3,16,14,333)



Compensation cost related to employee share based payment			39,56,953			39,56,953
<b>Business combination-Disinvestment</b>			-			-
<b>Balance as at March 31, 2020</b>	<b>19,60,99,931</b>	<b>1,17,97,477</b>	<b>1,307,79,404</b>	<b>2,27,41,639</b>	<b>32,830,16,958</b>	<b>3,71,53,181</b>
						<b>36,815,88,590</b>

(\* Refer Note:36)

The Accompanying notes 1 to 53 form an integral part of the financial statements  
As per report of even date

For **P A R Y & Co**

Firms' Registration Number: 007288C  
Chartered Accountants

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

**Sd/-**  
**P. Vamshi Krishna Reddy**  
Partner

M No. 224674  
UDIN No: 20224674AAAAHJ5903

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

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

**Sd/-**  
**Surabi Jain**  
Company Secretary  
M No. A49557

**Place :** Hyderabad  
**Date :** 11 July 2020



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS ACCOUNTING POLICIES FOR CONSOLIDATED STATEMENTS 31<sup>ST</sup>-MARCH 2020

### 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

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.

### 3) Principles of consolidation

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2020 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**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method, The standard is applied retrospectively only to contracts that are not completed as at the date of the initial application and the comparative information is not restated in the condensed consolidated interim statement of profit and loss. The effect on adoption of the said standard was insignificant on these financial statements.

##### **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.



## **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 acquire. 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)** The foreign exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognized in other comprehensive income and is presented under equity in the foreign currency translation reserve.



## **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.

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

## **h) 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.

## **i) 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.

## **j) 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.

## **k) Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term and the applicable discount rate.



## 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.

Leave encashment claims are settled on year to year basis.

## n) 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.

## o) 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.

## **p) 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.

## **q) 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.

## **r) 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.

## **s) 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

## **t) 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.

## **u) 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.

## **v) 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.

## **w) Related parties Transactions**

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



**KELLTON TECH SOLUTIONS LIMITED**  
 Significant accounting policies and notes to the accounts  
 For the year ended March 31, 2020

**Note No 6.1. Property, plant and equipment**

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>								
<b>At April 1, 2019</b>	<b>56,65,727</b>	<b>26,26,976</b>	<b>7,65,38,793</b>	<b>6,40,13,166</b>	<b>4,36,09,647</b>	<b>5,70,58,026</b>	<b>322,75,196</b>	<b>28,17,87,531</b>
Additions	-	4,23,339	2,98,684	79,30,491	1,07,72,549	52,12,727	72,309	247,10,098
Disposals / adjustments	-	(4,99,972)	(13,33,082)	(1,12,31,944)	(6,53,662)	(68,227)	(14,891)	(1,38,01,778)
Translation exchange difference	5,09,481	-	61,93,637	22,292	-	8,09,213	5,44,385	80,79,008
<b>At March 31, 2020</b>	<b>61,75,208</b>	<b>25,50,343</b>	<b>8,16,98,031</b>	<b>6,07,34,005</b>	<b>5,37,28,534</b>	<b>6,30,11,739</b>	<b>3,28,76,999</b>	<b>30,07,74,860</b>
<b>Accumulated depreciation</b>								
At April 1, 2019	56,65,727	13,85,148	7,49,90,709	5,47,43,017	85,81,142	215,45,698	1,49,87,413	18,18,98,854
Depreciation expense	-	2,93,917	8,34,762	62,09,000	47,68,772	49,96,668	43,48,606	2,14,51,725
Disposals / adjustments	-	(4,99,972)	(13,33,082)	(1,12,31,944)	(6,53,662)	(68,227)	(14,891)	(1,38,01,778)
<b>Translation exchange difference</b>	<b>5,09,481</b>	<b>-</b>	<b>61,71,439</b>	<b>33,169</b>	<b>-</b>	<b>8,09,226</b>	<b>88,016</b>	<b>76,11,331</b>





# KELLTON TECH SOLUTIONS LIMITED

At March 31, 2020	61,75,208	11,79,093	8,06,63,829	4,97,53,241	1,26,96,252	2,72,83,365	194,09,144	19,71,60,132
Net block March 31, 2020	-	13,71,250	10,34,203	109,80,764	4,10,32,282	3,57,28,374	1,34,67,855	10,36,14,728
Net block March 31, 2019	-	12,41,828	15,48,083	92,70,150	3,50,28,505	3,,55,12,328	1,72,87,784	9,98,88,678

## Note No 6.2. Right of use assets

	Office premises
<b>Gross block (at cost)</b>	
As at April 1, 2019	
Additions (transitional impact on adoption of Ind AS 116)	17,59,78,033
Translation exchange difference	-
<b>As at March 31, 2020</b>	<b>17,59,78,033</b>
<b>Accumulated depreciation</b>	
As at April 1, 2019	
Charge for the year	5,13,86,429
Translation exchange difference	9,11,344
<b>As at March 31, 2020</b>	<b>5,22,97,773</b>
<b>Net block</b>	
<b>As at March 31, 2020</b>	<b>12,36,80,260</b>
<b>As at March 31, 2019</b>	<b>-</b>



## Note No 7 Other Intangible assets

	Good Will	Other Intangible Assets
<b>Gross carrying value</b>		
<b>At April 1, 2019</b>	<b>1,99,01,12,954</b>	<b>24,67,77,442</b>
Additions	17,11,80,123	23,74,78,500
Disposals / adjustments	-	-
Translation exchange difference	9,53,69,784	1,84,11,652
<b>At March 31, 2020</b>	<b>2,25,66,62,861</b>	<b>50,26,67,594</b>
<b>Accumulated depreciation</b>		
At April 1, 2019	-	13,99,19,548
Amortisation expense	-	5,52,74,012
Disposals / adjustments	-	-
<b>Translation exchange difference</b>	<b>-</b>	<b>1,34,96,933</b>
<b>At March 31, 2020</b>	<b>-</b>	<b>20,86,90,493</b>
<b>Net block March 31, 2020</b>	<b>22566,62,861</b>	<b>29,39,77,101</b>
<b>Net block March 31, 2019</b>	<b>19901,12,954</b>	<b>10,68,57,894</b>

## Note No 8. Other financial assets

Particulars	As at March 31'2020	As at March 31'2019
Security deposits		
Unsecured considered good	1,69,43,469	1,97,62,806
<b>Total</b>	<b>1,69,43,469</b>	<b>1,97,62,806</b>

## Note No 9. Other non-current assets

Particulars	As at March 31'2020	As at March 31'2019
Security Deposit	67,07,756	23,66,523
Other non-current assets	4,73,81,228	-
Other non current assets*	15,14,50,971	21,09,68,500
<b>Total</b>	<b>20,55,39,955</b>	<b>21,33,35,023</b>

\*Sale Consideration



## FINANCIAL ASSETS

### Note No 10. Trade receivables

Particulars	As at March 31'2020	As at March 31'2019
(Unsecured )		
Considered good	2,03,19,28,623	1,80,96,30,575
Less: Allowance for doubtful debts	(60,60,503)	(57,02,954)
<b>Total</b>	<b>2,02,58,68,120</b>	<b>1,80,39,27,621</b>

### Note No 11.1 Cash and cash equivalents

Particulars	As at March 31'2020	As at March 31'2019
Cash on hand	4,15,226	4,13,975
Balances with banks in current accounts	19,57,34,310	18,38,66,476
<b>Cash and cash equivalents as per balance sheet</b>	<b>19,61,49,536</b>	<b>18,42,80,451</b>

### Note No 11.2 Bank balances other than cash and cash equivalents

Particulars	As at March 31'2020	As at March 31'2019
Fixed Deposit with banks	1,033,56,199	7,42,42,841
<b>Total</b>	<b>10,33,56,199</b>	<b>7,42,42,841</b>

### Note No 12. Other current financial assets

Particulars	As at March 31'2020	As at March 31'2019
Advances to employees	85,50,907	1,24,25,861
Accrued Revenue	1,05,38,45,811	80,83,45,302
Other Advances	9,26,62,303	3,15,90,970
<b>Total</b>	<b>1,15,50,59,021</b>	<b>85,23,62,133</b>

### Note No 13. Other current assets

Particulars	As at March 31'2020	As at March 31'2019
Prepaid expenses	6,09,87,414	5,04,40,139
Deposits	1,24,58,427	25,57,401
Others	62,95,13,637	56,51,96,535
<b>Total</b>	<b>70,29,59,478</b>	<b>61,81,94,075</b>



## Note No 14. Equity share capital

a)

Particulars	As at March 31'2020	As at March 31'2019
Authorised		
12,00,00,000 (March 31, 2019: 12,00,00,000 ) equity shares of Rs 5/- each	60,00,00,000	60,00,00,000
<b>Issued, subscribed and paid-up capital</b>		
9,63,82,468 (March 31, 2019: 9,63,82,468 ) equity shares of Rs 5/- each fully paid	48,19,12,340	48,19,12,340
	<b>48,19,12,340</b>	<b>48,19,12,340</b>

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 31'2020		As at March 31'2019	
	No of Shares	Amount	No of Shares	Amount
Number of shares outstanding at the beginning of the period	9,63,82,468	48,19,12,340	9,63,82,468	48,19,12,340
Add: Shares issued on exercise of employee stock options	-	-	-	-
Add: Bonus shares issued *	-	-	-	-
Number of shares outstanding at the end of the period	9,63,82,468	48,19,12,340	9,63,82,468	48,19,12,340

## 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

Particulars	As at March 31'2020		As at March 31'2019	
	No of shares	% Holding	No of shares	% Holding
<b>Name of the shareholder*</b>				
1.Matnic Finvest LLP	4,25,04,356	44.09	4,31,71,900	44.79
2.Kellton Wealth Management LLP	1,19,33,384	12.38	1,28,00,000	13.28

\* 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, 2020:

- 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 31'2020	As at March 31'2019
<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.	19,60,99,931	18,49,57,932
<b>b) Security premium</b>		
Amounts received on (issue of shares) in excess of the par value has been classified as securities premium.	13,07,79,404	13,07,79,404
<b>c) General reserve</b>		
This represents appropriation of profit by the Company.	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.	3,28,30,16,958	24,819,66,001
<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.	2,27,41,639	1,87,84,686
<b>f) Other items of other comprehensive income</b>	3,71,53,181	(1,87,13,275)
<b>Total</b>	<b>3,68,15,88,590</b>	<b>2,80,95,72,225</b>

## NON- CURRENT LIABILITIES FINANCIAL LIABILITIES

### Note No 16. Borrowings

Particulars	As at March 31'2020	As at March 31'2019
<b>(Long Term and Secured)</b>		
Vehicle Loans		
a) ICICI Bank Ltd	11,93,581	16,93,421
b) Bank of America	22,61,123	31,70,975



Loan - Indusind Bank	5,12,66,186	1,37,54,876
Loan - Livfin India Pvt Ltd	1,70,68,482	-
Loan-Axis Bank Limited (UK)	16,04,83,745	22,07,39,800
Loan -Alostar	3,26,69,307	11,98,94,945
(Long Term and Unsecured)		
Other Loan	2,07,94,106	-
<b>Total</b>	<b>28,57,36,529</b>	<b>35,92,54,017</b>

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

Lender	Rate of Interest	Security
ICICI Banks	9.5%	Vehicle
Bank of America	6.5%	Vehicle
Axis Bank -UK	Libor + 2bps	"Stand by Letter of credit"
Indusind Bank	1 Year MCLR+ 0.10%	Pari Pasu charge with Axis bank
Alostar	LIBOR + 3.50% P.A	Receivables of the Company-Subsidiary

## Note No 17. Other financial liabilities

Particulars	As at March 31'2020	As at March 31'2019
Acquisition contingent payout	36,31,90,902	21,97,20,538
<b>Total</b>	<b>36,31,90,902</b>	<b>21,97,20,538</b>

## Note No 18. Provisions : Other Long Term Provisions

Particulars	As at March 31'2020	As at March 31'2019
Other liabilities	6,01,44,226	-
<b>Total</b>	<b>6,01,44,226</b>	-

## Note No 19. Provisions : Other Long Term Provisions

Particulars	As at March 31'2020	As at March 31'2019
Provision for employee benefits		
Gratuity	2,45,83,211	1,79,65,591
<b>Total</b>	<b>2,45,83,211</b>	<b>1,79,65,591</b>

## Note No 20. Deferred tax liability (net)

Particulars	As at March 1'2020	As at March 1'2019
<b>Deferred tax liabilities</b>		
Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets	(37,78,118)	14,74,725



"Differences in book values and tax base values of block of Property, Plant and Equipment and intangible assets (overseas)"	3,43,77,840	3,15,41,518
<b>Total Deferred tax liabilities</b>	<b>3,05,99,722</b>	<b>3,30,16,243</b>
<b>Deferred tax assets</b>		
Provision for doubtful debts	(5,20,208)	(4,66,733)
Provision for gratuity and leave encashment	(75,65,858)	(61,18,263)
Right of use asset and lease liability	(57,27,969)	-
Mat credit	(7,32,784)	(7,32,784)
<b>Total Deferred tax assets</b>	<b>(1,45,46,819)</b>	<b>(73,17,780)</b>
<b>Deferred tax liability after set off</b>	<b>1,60,52,903</b>	<b>2,56,98,463</b>

## Note No 21. Lease Liabilities

Particulars	As at March 31'2020	As at March 31'2019
<b>Opening balance</b>	-	-
<b>"Additions (transitional impact on adoption of Ind AS 116)"</b>	<b>20,75,92,371</b>	-
Add: Interest recognised during the year	1,68,29,991	-
Less: Payments made	(6,86,56,014)	-
Translation exchange difference	(8,78,868)	-
<b>Total</b>	<b>15,48,87,480</b>	-

## CURRENT LIABILITIES FINANCIAL LIABILITIES

### Note No 22. Borrowings

Particulars	As at March 31'2020	As at March 31'2019
<b>(Short Term and Secured)</b>		
Term Loans : Vehicle		
Working Capital Loan : Axis Bank Limited	20,15,52,553	19,99,05,667
Working capital Line of Credit: Alostara	46,73,91,915	43,28,53,240
Term Loan: Savoy bank	-	84,73,367
Loan-Axis Bank Limited-Singapore	-	2,21,34,400
Other short term	-	2,82,96,114
<b>Total</b>	<b>66,89,44,468</b>	<b>69,16,62,788</b>

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



## Note No 23. Trade Payables

Particulars	As at March 31'2020	As at March 31'2019
Trade Payables for goods and services	39,23,52,357	36,46,96,848
<b>Total</b>	<b>39,23,52,357</b>	<b>36,46,96,848</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 24. Other current financial liabilities

Particulars	As at March 31'2020	As at March 31'2019
Current maturities of long-term debt*	20,75,12,913	17,98,62,193
Interest accrued but not due on borrowings*	2,17,246	31,13,733
<b>Total</b>	<b>20,77,30,159</b>	<b>18,29,75,926</b>

\*The details of interest rates, repayments and other terms are disclosed under Note No 16

## Note No 25. Other current liabilities

Particulars	As at March 31'2020	As at March 31'2019
Statutory dues payable	11,77,31,826	14,30,83,309
Advances received from customers	51,89,095	60,76,199
Others	322,28,433	3,22,58,157
<b>Total other current liabilities</b>	<b>15,51,49,354</b>	<b>18,14,17,665</b>

## Note No 26. Provisions : Other Short Term Provisions

Particulars	As at March 31'2020	As at March 31'2019
Provisions for employees benefits	18,36,01,111	21,33,91,955
Accrued Expenses	27,07,23,460	24,04,45,848
<b>Total</b>	<b>45,43,24,571</b>	<b>45,38,37,803</b>

## Note No 27. Revenue from operations

For the year ended

Particulars	March 31,2020	March 31,2019
Revenue from operations (net)		
Software Services	7,66,65,58,825	78,331,63,883
Hardware Services	5,18,955	23,60,03,889
Maintenance Services	3,97,15,485	7,19,54,639
<b>Total</b>	<b>7,70,67,93,265</b>	<b>8,14,11,22,411</b>





## Note No 28. Other income

For the year ended

Particulars	March 31,2020	March 31,2019
Foreign exchange gain/ (loss)	3,00,47,729	3,48,72,007
Interest income on financial as- sets at amortised cost	13,57,541	12,53,017
Interest received	58,08,996	49,70,683
Miscellaneous write offs	-	-
Miscellaneous Income	21,92,730	57,97,737
Profit on sale of Investment	-	34,94,500
<b>Total</b>	<b>3,94,06,996</b>	<b>5,03,87,944</b>

## Note No 29. Cost of Material Consumed

For the year ended

Particulars	March 31,2020	March 31,2019
Purchase of Stock in trade	20,20,06,874	21,86,37,054
Opning Stock	2,66,34,636	242,10,021
(Less): Closing stock	(5,65,332)	(2,66,34,636)
<b>Total</b>	<b>22,80,76,178</b>	<b>21,62,12,439</b>

## Note No 30. Employee benefits expense

For the year ended

Particulars	March 31,2020	March 31,2019
Salaries and wages	3,48,28,26,993	3,65,16,46,764
Gratuity Expense	86,02,049	83,31,103
Contribution to provident and other funds	1,80,17,277	149,68,540
Employee stock compensation expenses	39,56,943	21,67,198
Staff welfare expenses	19,04,73,711	17,38,35,534
<b>Total</b>	<b>3,70,38,76,973</b>	<b>3,85,09,49,139</b>

## Note No 31. Finance costs

For the year ended

Particulars	March 31,2020	March 31,2019
Interest expense	10,52,73,919	13,78,96,658
Finance Cost on Lease	1,68,29,991	-
Exchange differences to the extent considered as an adjustment to borrowing costs	-	67,01,078
Other borrowing cost	4,22,14,170	442,85,379
<b>Total</b>	<b>16,43,18,080</b>	<b>18,88,83,115</b>



## Note No 32. Depreciation and amortization expense

For the year ended

Particulars	March 31,2020	March 31,2019
On property, plant and equipment	2,14,51,713	1,94,98,862
On other intangible assets	5,52,74,012	4,70,90,922
On Right-of-use assets	5,13,86,429	-
<b>Total</b>	<b>12,81,12,154</b>	<b>6,65,89,784</b>

## Note No 33. Other expenses

For the year ended

Particulars	March 31,2020	March 31,2019
Professional Fee	13,36,02,319	14,88,31,377
Subcontracting Expenses	2,22,30,37,536	2,35,42,16,887
Rent	2,68,45,166	8,70,16,187
Travelling and Conveyance	8,42,26,410	6,99,22,679
Internet and webhosting	1,47,99,780	1,62,81,829
Repairs and maintenance	5,41,74,837	7,73,39,426
Sales and Marketing	3,09,87,524	3,29,45,052
Rates and taxes	1,28,556	1,20,063
CSR Contributions	26,15,525	18,50,240
Subscription fees and licences renewal cost	1,40,43,540	1,14,21,329
Loss on Sale of Asset	-	98,314
Exchange fluctuations Loss	1,25,26,368	2,20,54,068
Provision for doubtful debts	-	5,41,780
Bad Debts	-	30,46,655
Other Miscellaneous expenses	4,77,04,275	6,23,52,872
Audior Remuneration for subsidiary companies	60,74,992	68,14,452
<b>Audior Remuneration</b>		
a) Statutory Audit fee	2,50,000	2,00,000
b) Taxation	50,000	50,000
c) Certification charges	-	50,000
<b>Total</b>	<b>2,65,10,66,828</b>	<b>2,89,51,53,210</b>

## Note No 34. Earnings per Share

Particulars	31-Mar-2020	31-Mar-2019
Numerator for EPS		
Net Profit after tax (A)	74,24,66,454	75,07,09,639
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	9,63,82,468	9,63,82,468



Weighted Average no. of Shares considered for Denominator for Diluted EPS (after effect of dilutive issues of stock options )(C)*	9,83,14,722	9,66,60,123
Basic and diluted Earnings Per Share (A)/(B)	7.70	7.79
Diluted Earnings Per Share (A)/(C)	7.55	7.77

## Note No 35.

### 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 6.78% (31-March-2020-6.78% and 31-March-2019 - 7.60%). 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-2020	31-Mar-2019
<b>Present Value of Obligation as at beginning</b>	1,85,02,927	1,35,51,090
Current Service Cost	42,63,428	55,11,310
Interest Expense or Cost	12,90,390	10,52,920
Change in financial assumptions	13,59,385	(16,12,393)
<b>Present Value of Obligation as at the end</b>	<b>2,54,16,130</b>	<b>1,85,02,927</b>

### Bifurcation of Net Liability

Particulars	As on	
	31-Mar-2020	31-Mar-2019
Current Liability (Short-term)	8,32,919	5,37,336
Non-Current Liability(Long-term)	2,45,83,211	1,79,65,591
<b>Total Liability</b>	<b>2,54,16,130</b>	<b>1,85,02,927</b>

### b) Leave Encashment

Since leave encashment claims are settled on year to year basis, no actuarial valuation needs to be obtained.

## Note No 36. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease



payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition: Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of `1,759.78 Lacs' and a lease liability of `2,075.92 Lacs'. The cumulative effect of applying the standard, amounting to `316.14 Lacs' was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

#### The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows

(Amount in Lacs)

Particulars	Year Ended Mar 31,2020
Balance as at April 1, 2019	-
Reclassified on account of adoption of Ind AS 116	1,759.78
Additions	-
Deletions	-
Depreciation	(513.87)
Translation exchange difference	(9.11)
<b>Balance as at Mar 31, 2020</b>	<b>1236.80</b>

#### The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows

(Amount in Lacs)

Particulars	Year Ended Mar 31,2020
Balance at the beginning	-
Reclassified on account of adoption of Ind AS 116	2075.92
Additions	-
Finance cost accrued during the period	168.30
Deletions	-
Payment of Lease Liabilities	(686.56)
Translation exchange difference	(8.79)
<b>Balance at the end</b>	<b>1548.87</b>



## Note No 37. Related Party Disclosures

### I) RELATED PARTY WITH WHOM TRANSACTIONS HAVE TAKEN PLACE

- i) Mr. Niranjan Chintam - Director and CFO
- ii) Mr. Krishna Chintam - Managing Director CEO
- iii) Mr. Karanjit Singh - Executive Director

### II) KEY MANAGERIAL PERSONNEL

- a) Mr Niranjan Chintam - Chairman and CFO
- b) Mr Krishna Chintam - Managing Director CEO
- c) Mr Karanjit Singh - Executive Director
- d) Ahsan Ajani and Surabi Jain-Company Secretary

### III) RELATIVE OF KEY MANAGERIAL PERSONNEL

Ms. Sree Vidya Chintam- Wife of Mr. Niranjan Chintam, Chairman

### IV) RELATED PARTY TRANSACTIONS DURING THE YEAR

Nature of Transactions	Particulars	31-March-2020	31-March-2019
Rent paid for office building	Relative of Key Managerial personnel	1,73,64,384	1,65,37,500

### V) REMUNERATION OF KEY MANAGERIAL PERSONNEL:

For the year end

Particulars of Remuneration	For the year ended	
	31-March-2020	31-March-2019
Short Term employee benefits	1,19,22,387	1,18,15,960
Share-based payment transactions	Nil	Nil
Total compensation paid to key management personnel	1,19,22,387	1,18,15,960

\* 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

Particular	Name of Party	31-Mar-2020	31-Mar-2019
Security Deposit	Sreevidya Chintam	25,85,000	25,85,000

## 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 10 grants under this scheme as of now.

Details of the grant/issue are given below



Particulars	Year Ended	
	31-Mar-20	31-Mar-19
	No of option	No of option
Options outstanding at the beginning of the year	5,91,362	4,91,362
Granted during the year	-	1,00,000
Vested during the year	84,337	4,45,363
Exercised during the year	-	-
Lapsed or Forfeited during the years	22,167	-
Options outstanding at the end of the year	5,69,195	5,91,362
Options vested and exercisable at the end of the year	2,46,009	4,40,359

## Note No 39. 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.

	2020	2019
<b>Revenue</b>		
Digital Transformation	5,78,47,43,376	5,77,34,51,453
Enterprise Solutions	1,48,75,32,372	1,40,53,07,602
Consulting	43,45,17,517	96,23,63,354
Total	7,70,67,93,265	8,14,11,22,410
Identifiable expense		
Digital Transformation	3,62,51,37,560	3,56,82,12,477
Enterprise Solutions	1,11,84,41,892	1,09,17,51,164
Consulting	30,68,43,974	72,39,35,171
Total	5,05,04,23,426	5,38,38,98,813
Segmental result		
Digital Transformation	2,15,96,05,816	2,20,52,38,976
Enterprise Solutions	36,90,90,480	31,35,56,438
Consulting	12,76,73,543	23,84,28,183
Total	2,65,63,69,839	2,75,72,23,597
Unallocable Expenses	1,66,07,08,707	1,64,48,22,121
Operating income	99,56,61,132	1,11,24,01,475
Finance Charges	16,43,18,080	18,88,83,116
Other Income	3,94,06,996	5,03,87,943
<b>Profit before taxes</b>	<b>87,07,50,048</b>	<b>97,39,06,303</b>
<b>Taxes</b>	<b>16,54,36,775</b>	<b>20,42,99,754</b>
<b>Profit after taxes</b>	<b>70,53,13,273</b>	<b>76,96,06,549</b>



## **Note No 40. Acquisitions and Disinvestment**

On 30th March 2019, Kellton Tech has announced the acquisition of 100% stake in Tivix Europe, Poland based company which is effective 1-Apr-2019.

The Company has disinvested stake in its Supreme Soft Global Inc (step down subsidiary) w.e.f 1 January 2019.

**Note No 41.** Company has not made any default in loan repayment and no over due's are outstanding

## **Note No 42. Contingent liabilities**

Contingent liabilities as at 31-March-2020 is Nil (previous year-Nil).

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 43.** Impairment of goodwill as an assets has been considered by management and it is of view that there is no impairment in view of business continuity post acquisitions.

**Note No 44.** In the opinion of the management the sum of Rs 6,38,95,787 due from Enterprise Consulting Partner, Inc is overdue but good and recoverable, since the said entity is also having due of sum of Rs 6,03,12,000 (USD 800000) in Kellton Tech Inc, subsidiary company. The balance due of 35,83,787 is good and recoverable.

**Note No 45.** Kellton Tech Solutions Inc (USA), Kellton Tech Inc (USA) are 100% subsidiaries of Kellton Tech Solutions Ltd (India) have been audited by other auditors as on 31st Dec.2019. Financial statement have prepared considering audited figures up to 31st Dec.2019 and unaudited figures from Jan.2020 to Mar.2020. And Kellton Dbydx Software Private Limited are 100% subsidiaries of Kellton Tech Solutions Ltd (India) have been audited by other auditors as on 31st Mar.2020.

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. 1,92,07,36,370 total revenue of Rs 96,81,85,322 and net income of Rs 31,52,66,424 for the 12 month period ending Mar 31, 2020.

**Note No 46.** GST is accounted based upon input credit commitments of parties however the relevant income is accounted as based when the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration

**Note No 47.** The company is accounting on cash basis the liability of interest and penalty on account of delayed statutory payments as and when the demand is crystalized.

**Note No 48.** Confirmation of balances / Reconciliation: Sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other



receivables from various parties are subject to confirmations. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained.

**Note No 49. Corporate social responsibility**

The Company has incurred an expenditure of Rs.26.16 Lacs during the financial year (Previous year Rs.18.50 lacs) on Corporate Social Responsibility in accordance with section 135(5) of the Companies Act, 2013.

**Note No 50.** Inventory consists of only bought out items pertaining computer peripherals required for execution of projects.

**Note No 51.** Due to disinvestment during the year previous year figures are not comparable.

**Note No 52.** Previous year's figures have been regrouped where necessary to conform to current year's classification.

**Note No 53.** Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has evaluated the likely impact of the COVID-19 on the overall business of the Company. Though it is too early to estimate the same in view of the volatility in the global economic conditions pursuant to this pandemic; the Company as at the date of the approval of these financials, has used various available sources of information to analyze the carrying amount of its financial assets and exposures. The impact of COVID-19 on the Company's financial statements may differ from the estimate as on the date of the approval of the financial statements.



# 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 SHARS 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**

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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 June 08, 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:

**XL Softech Systems Ltd.,**

Unit: The Andhra Sugars Ltd.,  
3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad – 500 034.

Thanking you,

Yours sincerely  
For **Kellton Tech Solutions Limited**

**Sd/-**

**Surabi Jain**  
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

- State that the particulars of PAN and Bank account details are correct and complete/
- Authorize the company/RTA to credit my dividend on the shares held by me directly to my above bank account mentioned herein above.
- 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**

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