

SASTRI & SHAH

Chartered Accountants

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Independent Auditors' Report

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

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.



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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.



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

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

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

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

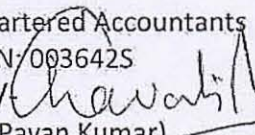
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

For Sastri&Shah

Chartered Accountants

FRN/003642S

Sd/ 
(C.Pavan Kumar)

Managing Partner

M.NO.205896



Place: Hyderabad

Date: 30/05/2018

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Annexure A to the Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Sastri & Shah
Chartered Accountants

FRN: 003642S

Sd/- 
(C. Pavan Kumar)

Managing Partner
M.NO.205896



Place: Hyderabad
Date: 30/05/2018

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Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Infosys Limited of even date)

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

i. In respect of the Company's fixed assets :

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

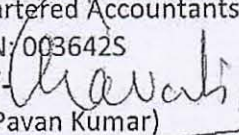
xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the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

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



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

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

For Sastri & Shah
Chartered Accountants
FRN: 003642S
Sd/- 
(C. Pavan Kumar)
Managing Partner
M.NO.205896



Place: Hyderabad
Date: 30/05/2018



KELLTON TECH SOLUTIONS LIMITED.

Kellton Tech Solutions Limited

Statement of Standalone Audited Financial Results for the Quarter and Year ended 31st March 2018

(Rs. in Lacs)

Sr. No.	Particulars	Quarter Ended			Year ended	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		Audited	Un Audited	Audited	Audited	Audited
	Income from Operations					
I	Revenue From Operations	3,087.06	4,640.50	2,129.88	12,254.39	7,649.69
II	Other Income	79.72	70.46	55.36	247.52	219.77
III	Total Income (I+II)	3,166.78	4,710.96	2,185.24	12,501.91	7,869.46
IV	Expenses					
	Cost of materials consumed	744.37	2,363.30	8.07	3,515.46	102.83
	Purchases of Stock-in-Trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-	-	-	-	-
	Employee benefits expense	1,223.47	1,248.21	1,242.26	4,812.29	4,601.58
	Finance costs	92.79	121.41	49.47	388.27	201.48
	Depreciation and amortization expense	57.56	54.45	65.57	216.96	182.93
	Other expenses	677.58	482.08	528.13	2,162.23	1,572.99
	Total expenses (IV)	2,795.78	4,269.45	1,893.50	11,095.22	6,661.81
V	Profit/(loss) before exceptional items and tax (I- IV)	371.00	441.51	291.74	1,406.69	1,207.65
VI	Exceptional Items					
VII	Profit/(loss) before tax (V-VI)	371.00	441.51	291.74	1,406.69	1,207.65
VIII	Tax expense:					
	(1) Current tax	193.93	100.20	230.57	442.78	440.57
	(2) Deferred tax	(22.70)	0.52	(38.84)	(21.66)	(30.48)
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	199.77	340.79	100.01	985.57	797.56
X	Profit/(loss) from discontinued operations	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII	Profit/(loss) for the period (IX+XII)	199.77	340.79	100.01	985.57	797.56
XIV	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss	(28.47)	-	-	(28.91)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.15)	-	-	-	-
	B (i) Items that will be reclassified to profit or loss	10.00	-	-	10.00	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total Other Comprehensive Income	(18.61)	-	-	(18.90)	-
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	218.39	340.79	100.01	1,004.48	797.56
XVI	Earnings per equity share (for continuing operation):					
	(1) Basic	0.23	0.36	0.11	1.04	0.84
	(2) Diluted	0.23	0.36	0.10	1.04	0.84

For KELLTON TECH SOLUTIONS LIMITED



Director

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CIN:L72200TG1993PLC016819



KELLTON TECH SOLUTIONS LIMITED.

Notes:

- 1 The Financial results are in compliance with Ind AS pursuant to Ministry of Company Affairs notification notifying the Companies Act (Accounting Standards) Rules, 2015. The Company has adopted Ind AS with effect from April 01, 2017 with the transition date of April 1, 2016 comparatives being restated. These financial results have been prepared in accordance with Ind AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there - under and in terms of Regulation 33 of SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
- 2 The Statutory Auditors of the Company has conducted audit of the financial results for the quarter and year ended March 31, 2018 pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and have given an unqualified opinion in their report. These financial results have been reviewed by the Audit Committee and thereafter approved by Board of Directors at their respective meetings held on May 30, 2018
- 3 Reconciliation of NetProfit after tax for the quarter ended and year Mar 31, 2017 previously reported under Indian GAAP with Ind AS is as under

Particulars	Quarter ended 31- March-2017	Year ended 31- March-2017
Net profit for the period (As per IGAAP)	111.34	840.59
Benefit/(Charge):		
Recognition of Stock compensation cost	(16.09)	(64.36)
Recognition of deferred tax on Ind AS adjustments	5.57	22.27
Other miscellaneous	(0.81)	(0.95)
Net profit for the period (As per Ind-AS)	100.01	797.56

- 4 Figures of the corresponding previous periods are regrouped and reclassified wherever considered necessary to correspond with current period's presentation.

Place Hyderabad
Date 30-May-18

For Kellton Tech Solutions Limited

Niranjan Chintam
Director & CFO





KELLTON TECH SOLUTIONS LIMITED. Kellton Tech Solutions Limited
Standalone Statement of Assets and Liabilities

S.No	Particulars	Rs. in Lacs	Rs. in Lacs
		31.03.2018	31.03.2017
		Audited	Audited
1	ASSETS		
	Non-current assets		
	Property, Plant and Equipment	768.94	839.81
	Capital work-in-progress	-	102.14
	Goodwill	962.50	962.50
	Other Intangible assets	115.01	9.98
	Financial Assets		
	(i) Investments	7,013.87	5,941.02
	(ii) Loans	125.30	113.91
	(iii) Others		
	Deferred tax assets (net)	21.20	186.00
	Other non-current assets	2,903.53	3,571.49
	Total Non-Current Assets	11,910.35	11,726.86
2	Current assets		
	Inventories	242.10	239.20
	Financial Assets		
	(i) Trade receivables	4,906.13	2,234.78
	(ii) Cash and cash equivalents	780.56	707.91
	(iii) Loans	1.57	139.63
	Others	549.19	320.26
	Current Tax Assets (Net)		
	Other current assets	778.73	935.39
	Total Current Assets	7,258.28	4,577.17
	Total Assets	19,168.63	16,304.03
	EQUITY AND LIABILITIES		
	Equity Share capital	4,819.12	2,357.23
	Other Equity	5,502.48	6,601.81
	Total Equity	10,321.60	8,959.04
	LIABILITIES		
1	Non-current liabilities		
	Financial Liabilities		
	(i) Borrowings	217.98	199.47
	(ii) Provisions	132.58	101.20
	(iii) Other financial liabilities	2,680.06	3,423.55
	Total Non-Current Liabilities	3,030.62	3,724.23
2	Current liabilities		
	Financial Liabilities		
	(i) Borrowings	2,866.13	1,992.01
	(ii) Trade payables	1,671.24	309.25
	(iii) Other financial liabilities	4.61	4.46
	Other current liabilities	756.29	772.13
	Provisions	318.78	300.44
	Current Tax Liabilities (Net)	199.36	242.48
	Total Current Liabilities	5,816.41	3,620.76
	Total Equity and Liabilities	19,168.63	16,304.03

* The Guarantee given on behalf of subsidiaries is accounted as financial liability as per the requirement of IND AS

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