

MAHESH, VIRENDER & SRIRAM

Chartered Accountants

6-3-788/36 & 37A, Durganagar Colony, Ameerpet, Hyderabad.

REPORT OF INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENT

To the Members of
Kellton Tech Solutions Limited
Formerly VMF Soft Tech Limited (and Reduced)
Plot No 1367, Road No 45,
Jubilee Hills
Hyderabad – 500 033,
Andhra Pradesh

Report on the Financial Statements

We have audited the accompanying financial statements of Kellton Tech Solutions Limited Formerly VMF Soft Tech Limited (and Reduced) ("the Company"), which comprise the Balance Sheet as at 30th June, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2013.
- b. In the case of Profit and loss account, of the profit for the year ended on 30th June, 2013.



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ANEXURE TO INDEPENDENT AUDITORS' REPORT

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

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

- i. A. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

B. A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable having regard to the size of the company and nature of its visits. No material discrepancies were noticed on such verification.

C. During the year, the company has not disposed off any substantial part of the fixed assets.
- ii. The company does not have any inventory and hence this clause is not applicable.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of plant and machinery, equipment and other assets
- v. In our opinion according to the information and explanation given to us, there are no transactions that need to be entered in pursuance of section 301 of the Companies Act 1956.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of deposit) rules 1975 apply.
- vii. The internal audit system of the commensurate with the size of the Company.
- viii. Maintenance of cost records by the company has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- ix. (a) As per the records of the maintained by the company, the company is regular in depositing undisputed statutory dues to the authorities. According to the information and explanations given to us, presently the company is not liable under Employee State Insurance Act. The company is regular in depositing the provident fund dues with respective authorities. According to the information and explanations to us, the company is not liable under investor education protection fund Act, sales tax Act, wealth tax Act, custom duty Act,. There are no outstanding statutory dues as the last day of the financial year concerned, which are outstanding for more than six months from the date they became payable.

(b) As per the records maintained by the company and according to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise duty and Cess as at 30th June, 2013.



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c. In the case of cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to :

Notes No: - 24 (5) of notes to financials - regarding non - confirmation of balances from various parties.

Notes No: - 24 (6) of notes to financials - regarding non - provision of proportionate liability on account of employee's retirement benefits, which have not been quantified.

Notes No: - 24 (7) of notes to financials - regarding non - provision of loss if any, on account of unquoted investments' market value not ascertainable.

Our opinion is qualified in respect of these matters.


Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, dealt with by this Report is in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on 30th June, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 30th June, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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


B R Mahesh
Partner
Membership No - 018628
Place: Hyderabad
Date: 29th August 2013



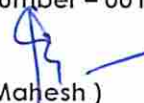
MAHESH, VIRENDER & SRIRAM

Chartered Accountants

6-3-788/36 & 37A, Durganagar Colony, Ameerpet, Hyderabad.

- x. The company does not have any accumulated losses as at the end of the year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank during the year.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us the provisions of any special statute applicable to a chit fund or a nidhi /mutual benefit fund/ society.
- xiv. In our opinion, and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the order are not applicable to the company.
- xv. The company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, term loans have been applied, by the company, during the year, for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- xviii. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The company has not issued any Debentures and hence the creation of securities in respect of the same does not arise.
- xx. The company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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


(B R Mahesh)
Partner
M.No.18628



Place: Hyderabad
Date: 29th August 2013.

MAHESH, VIRENDER & SRIRAM

Chartered Accountants

6-3-788/36 & 37A, Durganagar Colony, Ameerpet, Hyderabad.

REPORT OF INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENT

To the Members of
Kellton Tech Solutions Limited
Formerly VMF Soft Tech Limited (and Reduced)
Plot No 1367, Road No 45,
Jubilee Hills
Hyderabad – 500 033,
Andhra Pradesh

Report on the Financial Statements

1. We have audited the attached **Consolidated** Financial statements of M/s Kellton Tech Solutions Limited, Formerly VMF Soft Tech Limited (and Reduced) it's subsidiary as at 30th June,2013 and the statement of Consolidated profit and loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date. in which are incorporated the financials for nine months, of the amalgamating company, which were audited by other auditors. The Consolidated Financial statements include investments in associates accounted on the equity method in accordance with accounting standard-23 (Accounting for investment in Associates in Consolidated Financial Statements) and as notified under the Companies (Accounting Standards) Rules, 2006. These Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. (a) As stated in Notes to financials, the financial statements of the foreign subsidiary have been considered in preparation of consolidated financial statements, based on the unaudited financial statements of the subsidiary.

(b) We report that the consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard-21 (Consolidated Financial statements), as notified under the Companies (Accounting Standards) Rules,2006.



MAHESH, VIRENDER & SRIRAM


Chartered Accountants

6-3-788/36 & 37A, Durganagar Colony, Ameerpet, Hyderabad.

4. Based on our audit and to the best of our information and according to the explanations given to us, subject to paragraph 3 (a) above, in our opinion, the consolidated financial statements read together with the Significant Accounting Policies and other notes to financials thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:

- (a) In the case of consolidated Balance Sheet, of the state of affairs of the Company as at 30th June, 2013;
- (b) In the case of consolidated profit and loss account of the **Profit** for the year ended on that date. And
- (c) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date

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


B R Mahesh
Partner
Membership No - 018628
Place: Hyderabad
Date: 29th August 2013





KELLTON TECH SOLUTIONS LTD (and reduced)

(formerly VMF SOFT TECH LTD.)

KELLTON TECH SOLUTIONS LIMITED (AND REDUCED)
(formerly known as VMF Soft Tech Limited)

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND 12 MONTHS ENDED 30.06.2013

(Rs. In lakhs)

SL NO	PARTICULARS	AUDITED			AUDITED		AUDITED YEAR ENDED 30-06-2012
		QUARTER ENDED			YEAR TO DATE FIGURES		
		30.06.2013	31.03.2013	30.06.2012	30.06.2013	30.06.2012	
1	INCOME FROM OPERATIONS						
	a) Net sales / income from operations (Net of excise duty)	1262.51	1195.37	5.00	4854.97	3900.84	3900.84
	b) Other operating Income	0.35	13.90	0.00	6.36	5.22	5.22
	Total Income from operations (Net)	1,262.86	1,209.26	5.00	4,861.33	3,906.06	3,906.06
2	EXPENDITURE						
	(a) Cost of materials consumed	-	-	-	-	-	-
	(b) Purchase of stock in trade	-	-	-	-	-	-
	(c) Changes in inventories of F.G, WIP and Stock in trade	-	-	-	-	-	-
	(d) Employee benefits expenses	833.74	822.77	10.02	3327.12	2556.43	2556.43
	(e) Depreciation and amortisation expenses	36.30	25.13	4.92	96.03	88.62	88.62
	(f) Other Expenses	248.09	252.26	0.89	936.45	937.23	937.23
	Total Expenses	1118.13	1100.16	15.83	4359.60	3582.28	3582.28
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	144.73	109.10	(10.83)	501.73	323.78	323.78
4	Other Income	40.75	0.00	0.75	53.63	22	22
5	Profit / (Loss) from ordinary activities before fiance costs and exceptional items (3+/- 4)	185.48	109.10	(10.08)	555.35	345.58	345.58
6	Finance costs	39.80	13.99	0.00	96.10	28.37	28.37
7	Profit / (Loss) from ordinary activities after fiance costs and exceptional items (5+/- 6)	145.68	95.12	(10.08)	459.25	317.20	317.20
8	Exceptional items	0.00	0.00	0.00	0.00	0.00	
9	Profit / (Loss) ordinary activities before tax (7+/-8)	145.68	95.12	(10.08)	459.25	317.20	317.20
10	PROVISION FOR TAXATION	50.45	-4.92	-	76	23	23
11	Profit / (Loss) ordinary activities before tax (9+/-10)	95.23	100.04	(10.08)	383.64	293.92	293.92
12	Extraordinary items (net of tax expenses)	10.65	-	-	10.65	-	0.00
13	Net Profit / (Loss) for the period (11 +/- 12)	84.58	100.04	(10.08)	372.99	293.92	293.92
14	Share of Profit / (Loss) of associates	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-
16	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+/- 14+/-15)	84.58	100.04	(10.08)	372.99	293.92	293.92
17	PAID UP EQUITY SHARE CAPITAL (Equity Share of Rs 5/- each)	177445500	177445500	92391000	177445500	177445500	177445500
18	RESERVES EXCLUDING REVALUATION RESERVES (AS PER BALANCE SHEET) OF PREVIOUS ACCOUNTING YEAR	495.59	495.59	8.07	495.59	8.07	8.07
19	BASIC AND DILUTED EPS FOR THE PERIOD FOR THE YEAR TO DATE AND FOR THE PREVIOUS YEAR (NOT TO BE ANNUALISED)						
	- BASIC EPS	0.24	0.28	-	1.05	0.83	0.83
	- DILUTED EPS						
A	PARTICULARS OF SHAREHOLDING						
	Public shareholding						
1	- NUMBER OF SHARES	14,960,374	14,960,374	6179924.00	14,960,374	6179924	6,179,924
	- PERCENTAGE SHAREHOLDING	42.15	42.15%	66.89	42.15	66.89	6688.88%
2	Promoters and promoter group shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non- Encumbered						
	- Number of shares	20,528,726	20,528,726	3059176	20,528,726	3059176	3059176
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	57.85%	57.85%	33.11	57.85%	33.11	33.11

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KELLTON TECH SOLUTIONS LTD (and reduced)
(formerly VMF SOFT TECH LTD.)

	PARTICULARS	30.06.2013
B	INVESTORS COMPLAINTS	
	Pending at the beginning of the quarter	0.00
	Received during the quarter	0.00
	Disposed of during the quarter	0.00
	Remaing unresolved at the end of the quarter	0.00

1. The above financial results have been reviewed by the Audit Committee and approved by Board of Directors at their meeting held on 29-Aug-2013
2. The Company Operates in only segment
3. The above results contains consolidation of the following 100% subsidiaries of the company
 - (a) MCS Global Inc
 - (b) Kellton Dbydx Software Pvt Ltd (Formerly Skan Dbydx Software Pvt Ltd)
4. The Extraordinary item includes additional depreciation taken , due to change in depreciation treatment
5. Previous period figures have been reworked , regrouped , rearranged and reclassified wherever necessary , to make them comparable with current period

BOARD OF DIRECTORS

DIRECTOR

29.08.2013



KELLTON TECH SOLUTIONS LTD (and reduced)

(formerly VMF SOFT TECH LTD.)

KELLTON TECH SOLUTIONS LIMITED (AND REDUCED)

(formerly known as VMF Soft Tech Limited)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND 12 MONTHS ENDED 30.06.2013

(Rs. In lakhs)

SL NO	PARTICULARS	AUDITED			AUDITED		AUDITED YEAR ENDED 30-06-2012
		QUARTER ENDED			YEAR TO DATE FIGURES		
		30.06.2013	31.03.2013	30.06.2012	30.06.2013	30.06.2012	
1	INCOME FROM OPERATIONS						
	a) Net sales / income from operations (Net of excise duty)	476.27	313.31	5.00	1451.09	1409.40	1409.40
	b) Other operating Income	0.00	10.89	0.00	0.52	4.11	4.11
	Total Income from operations (Net)	476.27	324.21	5.00	1,451.61	1,413.51	1,413.51
2	EXPENDITURE						
	(a) Cost of materials consumed	-	-	-	-	-	-
	(b) Purchase of stock in trade	-	-	-	-	-	-
	(c) Changes in inventories of F.G, WIP and Stock in trade	-	-	-	-	-	-
	(d) Employee benefits expenses	220.64	180.25	10.02	743.16	716.75	716.75
	(e) Depreciation and amortisation expenses	11.51	12.95	4.92	45.79	32.37	32.37
	(f) Other Expenses	101.60	66.13	0.89	318.42	396.84	396.84
	Total Expenses	333.76	259.34	15.83	1107.37	1145.96	1145.96
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	142.51	64.87	(10.83)	344.24	267.54	267.54
4	Other Income	11.06	0.00	0.00	19.18	5	5
5	Profit / (Loss) from ordinary activities before fiance costs and exceptional items (3+/- 4)	153.57	64.87	(10.83)	363.42	272.52	272.52
6	Finance costs	34.41	12.17	0.00	60.00	24.13	24.13
7	Profit / (Loss) from ordinary activities after fiance costs and exceptional items (5+/- 6)	119.16	52.70	(10.83)	303.41	248.39	248.39
8	Exceptional items	-	-	-	-	-	-
9	Profit / (Loss) ordinary activities before tax (7+/-8)	119.16	52.70	(10.83)	303.41	248.39	248.39
10	PROVISION FOR TAXATION	40.76	-9.61	-	37	(7)	(7)
11	Profit / (Loss) ordinary activities before tax (9+/-10)	78.40	62.31	(10.83)	265.96	255.64	255.64
12	Extraordinary items (net of tax expenses)	-	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 +/- 12)	78.40	62.31	(10.83)	265.96	255.64	255.64
14	Share of Profit / (Loss) of associates	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-
16	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+/- 14+/-15)	78.40	62.31	(10.83)	265.96	255.64	255.64
17	PAID UP EQUITY SHARE CAPITAL (Equity Share of Rs 5/- each)	177445500	177445500	92391000	177445500	177445500	177445500
18	RESERVES EXCLUDING REVALUATION RESERVES (AS PER BALANCE SHEET) OF PREVIOUS ACCOUNTING YEAR	495.59	495.59	8.07	495.59	8.07	8.07
19	BASIC AND DILUTED EPS FOR THE PERIOD FOR THE YEAR TO DATE AND FOR THE PREVIOUS YEAR (NOT TO BE ANNUALISED)						
	- BASIC EPS	0.22	0.18	(0.03)	0.75	0.72	0.72
	- DILUTED EPS	0.22	0.18	(0)	0.75	0.72	0.72
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- NUMBER OF SHARES	14,960,374	14,960,374	6179924.00	14,960,374	6179924	6179924
	- PERCENTAGE SHAREHOLDING	42.15	42.15	66.89	42.15	66.89	66.89
2	Promoters and promoter group shareholding						
	a) Pledged/ Encumbered	-	-	-	-	-	-
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non- Encumbered						
	- Number of shares	20,528,726	20,528,726	3059176	20,528,726	3059176	3059176
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	57.85%	57.85%	33	57.85%	33.11	33.11

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KELLTON TECH SOLUTIONS LTD (and reduced)
(formerly VMF SOFT TECH LTD.)

	PARTICULARS	30.06.2013	
B	INVESTORS COMPLAINTS		
	Pending at the beginning of the quarter	0.00	
	Received during the quarter	0.00	
	Disposed of during the quarter	0.00	
	Remaing unresolved at the end of the quarter	0.00	

- 1 The above financial results have been reviewed by the Audit Committee and approved by Board of Directors at their meeting held on 29-Aug-2013.
- 2 The Company Operates in one segment.
- 3 Previous period figures have been reworked , regrouped , rearranged and reclassified wherever necessary , to make them comparable with current period.

BOARD OF DIRECTORS

DIRECTORS

PLACE : HYDERABAD
DATE : 29.08.2013