



K2 Systems Limited

To,
The Head - Listing & Compliance
Metropolitan Stock Exchange of India Limited
(Formerly known as MCX Stock Exchange Limited)
Exchange Square, Suren Road, Chakala,
Andheri (East), Mumbai – 400093.

Date: 30.09.2016

Dear Sir/ Madam,

Sub: 27th Annual General Meeting (AGM) and Voting Results:-
Ref: Scrip Code: K2SYSTEMS

With reference to the subject cited, this is to inform the Exchange that at the 27th Annual General Meeting of M/s. K2 Systems Limited held on Friday, the 30th day of September, 2016 at 11.30 A.M. at the registered office of the Company situated at H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nilayam, Lower Masab Tank, Hyderabad – 500028 Telangana and concluded at 11.57 A.M.

In this regard, Please find enclosed the following:-

1. Summary of proceedings as required under Regulation 30, Part-A of Schedule -III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – I**
2. Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – II**.
3. Report of Scrutinizer dated September 30, 2016, Pursuant to Section 108 of the Companies Act, 2013 and Rule 20(4) (xii) of the Companies (Management and Administration) Rules, 2014.
4. Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

The Voting Results of the 27th Annual General Meeting ('AGM') is available on the company's website: www.k2sy.com

This is for the kind information and records of the Exchange, please.

Thanking you.

Yours faithfully,
For K2 Systems Limited

Boga Prabhakar
Whole-Time Director
(DIN: 01832368)

K2 SYSTEMS LIMITED

**27th
ANNUAL REPORT
2015-2016**

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Boga Prabhakar	-	Whole Time Director (DIN: 01832368)
Ms. Boga Sharathdruthi	-	Non Executive Director (DIN: 05273091)
Mr. B. Nageshwar Rao	-	Independent Director (DIN: 06549041)
Mr. K. R. Srinivasa Rao	-	Independent Director (DIN: 01682859)
Mr. A. Narasimha Sarma	-	Independent Director (DIN: 01582638)

REGISTERED OFFICE:

H. No. 10-4-1/A/8, Flat No G-3,
Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad - 500028
ktwosys@gmail.com

STATUTORY AUDITOR:

M/s. M. M. Reddy & Co.
Chartered Accountants,
G-8, Amrutha Ville, Opp. Yashodha Hospital,
Rajbhavan Road, Somajiguda,
Hyderabad - 500 082

SECRETARIAL AUDITOR:

M/s. S. S. Reddy & Associates
Practicing Company Secretaries
Plot No.6-3-354/13, A1,
Suryateja Apartments,
Hindi Nagar, Panjagutta,
Hyderabad-500034

AUDIT COMMITTEE:

1) Mr. B. Nageshwar Rao	--	Chairman
2) Mr. Narasimha Sarma	--	Member
3) Mr. K. R. Srinivasa Rao	--	Member

NOMINATION & REMUNERATION COMMITTEE:

1) Mr. Narasimha Sarma	--	Chairman
2) Mr. B. Nageshwar Rao	--	Member
3) Mr. K. R. Srinivasa Rao	--	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

1) Mr. B. Nageshwar Rao	--	Chairman
2) Mr. Narasimha Sarma	--	Member
3) Mr. K. R. Srinivasa Rao	--	Member

K2 SYSTEMS LIMITED

RISK MANAGEMENT COMMITTEE:

- | | | |
|----------------------------|----|----------|
| 1) Mr. K. R. Srinivasa Rao | – | Chairman |
| 2) Ms. Boga Sharathdruthi | -- | Member |
| 3) Mr. B. Nageshwar Rao | -- | Member |

LISTING:

Metropolitan Stock Exchange of India Ltd

REGISTRAR & SHARE TRANSFER AGENTS:

Big Share Services Private Limited
E – 2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (E), Mumbai - 400072

CIN:

L72200TG1989PLC010200

DEMAT ISIN NUMBER

INE441B01024

WEBSITE:

www.K2sy.com

INVESTOR MAIL-ID:

ktwosys@gmail.com

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Shareholders of **M/s. K2 Systems Limited** will be held on Friday, 30th day of September, 2016 at 11.30. at the registered office of the Company at H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nilayam, Lower Masab Tank, Hyderabad - 500028 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Balance Sheet as at March 31st, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Annexure and Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. Boga Prabhakar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. M.M. Reddy & Co., Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

For and on Behalf of the Board
K2 Systems Limited

Sd/-
Boga Prabhakar
Whole-Time Director
(DIN: 01832368)

Place: Hyderabad
Date: 13.08.2016

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the registered Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
8. Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

9. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Bigshare Services Pvt Ltd)
10. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
11. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to M/s. Bigshare Services Pvt Ltd., Share Transfer Agents of the Company for their doing the needful.
12. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
13. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
14. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
15. Electronic copy of the Annual Report for 2015-2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-2016 is being sent in the permitted mode.
16. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for 2015-2016 will also be available on

the Company's website www.k2sy.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: ktwosys@gmail.com

17. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

(A) In case of members receiving e-mail:

- i. The voting period begins on 27.09.2016 at 9.00 A.M. and ends on 29.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (23.09.2016) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on Shareholders.
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.

K2 SYSTEMS LIMITED

- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

K2 SYSTEMS LIMITED

- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - xi. Click on the EVSN for the relevant K2 SYSTEMS LIMITED on which you choose to vote.
 - xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - xviii. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (II) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- A. Please follow all steps from sl. no. (ii) to sl. no. (xvii) above, to cast vote.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

K2 SYSTEMS LIMITED

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- B. The voting period begins on 27.09.2016 at 9.00 A.M. and ends on 29.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 23.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
18. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23.09.2016.
19. Mr.S.Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process.
20. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
21. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.k2sy.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the Metropolitan Stock Exchange of India Limited.
22. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

For and on Behalf of the Board
K2 Systems Limited

Sd/-
Boga Prabhakar
Whole-Time Director
(DIN: 01832368)

Place: Hyderabad
Date: 13.08.2016

DIRECTOR'S REPORT

**To
The Members,**

The Directors have pleasure in presenting before you the 27th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2016 has been as under:

(Amount in.Rs.)

Particulars	2015-2016	2014-2015
Gross Income	8,95,870	14,223,275
Expenditure	803,287	13,768,835
Exceptional Item	--	--
Profit/(Loss) Before Tax	92,583	454,440
Less: Extra Ordinary Items	--	--
Less: Deferred Tax	14,607	61,237
Less: Current Year Tax	13,712	123,118
Net Profit After Tax	64,263	270,085
Balance Carried to Balance Sheet	(5,523,027)	(5,365,552)

During the year under review, the Company has recorded an income of Rs. 8,95,870 and the profit of Rs. 64,263 as against the income of Rs. 14,223,275 and profit of Rs. 256,485 in the previous financial year ending 31.03.2015.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the period under review and the date of Board's Report there was no change in the nature of Business.

DEPOSITS FROM PUBLIC:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

TRANSFER TO RESERVES:

Directors have decided not to transfer any amount to reserves for the year.

DIVIDEND:

Keeping the Company's revival plans in mind, your Directors have decided not to recommend dividend for the year.

REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements for the year under review.

DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013:

There have been no material changes and commitments, affecting the financial position of the Company which occurred during between the end of the financial year to which the financial statements relate and the date of this report.

DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:

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.

DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.

DISCLOSURE UNDER SECTION 62(1) (b) OF THE COMPANIES ACT, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014.

DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

AUTHORISED AND PAID UP CAPITAL OF THE COMPANY:

The authorized capital of the company stands at 5,00,00,000 /- divided into 50,00,000 equity shares of Rs.10/- each and The company's paid up capital at 39,40,000 divided into 3,94,000 equity shares of ` 10/- each.

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report.

DIRECTORS/CEO/CFO AND KEY MANAGERIAL PERSONNEL:

During the year there were no changes (s) in the composition of the Board of Directors. Therefore, there were no appointments or resignations

DIRECTOR RETIRING BY ROTATION:

As per law, two-thirds of non-executive and non independent Directors should retire by rotation. One third of these Directors are required to retire every year and if eligible, offer them for reappointment. Mr. B. Prabhakar would retire in upcoming AGM and being eligible, has offered herself for re-appointment. A brief profile of Mr. B. Prabhakar is as follows.

Mr. Boga Prabhakar, has a director of K2 Systems Limited since 2012. He has commerce degree and management degree from osmania University and Law Degree from Maratwada University. He joined management team in 2012 and was in charge of our marketing operations. Mr. Boga Prabhakar has an extensive background and experience in Finance, Banking, Mergers & Acquisitions, Strategic Planning, Restructuring Operations, Export Marketing, International Business Relations, Collaborations and Joint Venture. Having experience in Indian corporate world from last 25 years.

K2 SYSTEMS LIMITED

DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS, COURTS, TRIBUNALS, IMPACTING THE GOING CONCERN BASIS OF THE COMPANY:

There were no significant material orders passed by regulators, courts, tribunals, impacting the going concern basis of the Company.

CORPORATE GOVERNANCE:

Corporate Governance is not applicable to the company since the paid up equity share capital and net worth of the company does not exceed Rs. 10 crores and Rs. 25 crores respectively. However, the company voluntarily provides a separate section in the Annual Report titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management discussion and analysis report for the year under review as stipulated under Regulation 4(3) read with schedule V , Part B of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 with the stock exchange in India is presented in a separate section forming part of the annual report.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received declarations from Mr. B. Nageshwar Rao, Mr. Narasimha Sarma and Mr. K. R. Srinivasa Rao, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (7) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

K2 SYSTEMS LIMITED

- b) The Directors had 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 and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES:

The Company does not have any subsidiary company (ies).

STATUTORY AUDITORS:

M/s. M. M. Reddy & Co., Statutory Auditors of the company retires at the ensuing annual general meeting and is eligible for reappointment. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their re-appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

The Board recommends the re-appointment of M/s. M. M. Reddy & Co., as the statutory auditors of the Company from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting.

INTERNAL AUDITORS:

The company has not appointed internal auditor during the financial year 2015-16

SECRETARIAL AUDITORS:

The Board had appointed M/s. S. S. Reddy & Associates, Practicing Company Secretaries, Hyderabad, having CP No.7478 to conduct Secretarial Audit for the financial year 2015-16, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR – 3 for the financial year 2015- 16 is enclosed herewith as Annexure A to this Report.

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, Secretarial audit report as provided by M/s. S. S. Reddy & Associates, Practicing Company Secretaries is annexed to this Report as annexure.

AUDIT REPORTS:

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2016 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges that may occur in the industry.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013, and noted is at the same that the company has not appointed company secretary, Chief financial Officer and Internal Auditor during the year but the company is taking necessary measures to appoint the same at the earliest.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D)	:	NIL
2. Technology absorption, adoption and innovation	:	NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings	:	NIL
Foreign Exchange Outgo	:	NIL

CORPORATE SOCIAL RESPONSIBILITY POLICY:

Corporate Social Responsibility is not applicable to the Company since the Net Profit of the Company is less than 5 Crores, the Net worth of the Company is less than 500 Crores and also the Turnover of the Company is less than 1000 Crores.

SECRETARIAL STANDARDS:

The company is in compliance with Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

INSURANCE:

The properties and assets of your Company are adequately insured.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given loans, Guarantees or made any investments during the year under review.

CREDIT & GUARANTEE FACILITIES:

The company has not given loans, Guarantees or Investments

DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal control systems, which commensurate with its size, nature of business and complexity of its operations and are designed to provide a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguard for assets, internal control over financial reporting, and compliance with applicable laws and regulations. Internal audit function evaluates the adequacy of and compliance with policies, plans, regulatory and statutory requirements.

K2 SYSTEMS LIMITED

The Company has in house Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. It also evaluates and suggests improvement in effectiveness of risk management, controls and governance process. The Audit committee and Board provides necessary oversight and directions to the Internal audit function and periodically reviews the findings and ensures corrective measures are taken.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions.

DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable for the financial year 2015-16.

EMPLOYEE RELATIONS:

Your Directors are pleased to record their sincere appreciation of the contribution by the staff at all levels in the improved performance of the Company.

None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013.

RATIO OF REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies(Appointment & Remuneration) Rules, 2014, the ratio of remuneration to maiden employees is 1: 3.33 times in case of Mr. Boga Prabhakar , Whole-Time-Director of the Company

INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Anti Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

APPRECIATION & ACKNOWLEDGEMENT:

Your company satisfactorily outperformed the industry in this challenging year and continues to maintain its leadership position. It has been surpassing all the international quality and cost benchmarks and continues to build shareholder value. Your Director looks to the future with confidence.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thanks the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the company to achieve a moderate growth and is determined to poise a rapid and remarkable growth in the year to come.

For and on Behalf of the Board
K2 Systems Limited

Place: Hyderabad
Date: 13.08.2016

Sd/-
Boga Prabhakar
Whole-Time Director
(DIN: 01832368)

Sd/-
B. Nageshwar Rao
Director
(DIN: 06549041)

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY:

As provided under clause 17 (5) (a) of the SEBI (LODR) Regulation 2015 all Board Members and the Senior Management personnel have confirmed compliance with the Business Ethics and Code of Conduct for the year ended on March 31, 2016.

For and on Behalf of the Board
K2 Systems Limited

Sd/-
Boga Prabhakar
Whole-Time Director
(DIN: 01832368)

Place: Hyderabad
Date: 13.08.2016

CORPORATE GOVERNANCE

Corporate Governance is not applicable to the company as its paid up-equity capital and net worth does not exceed Rs. 10 crores and Rs. 25 crores respectively. However, the company voluntarily complies with Corporate Governance as a good governance measure to keep the stakeholders informed about the company.

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at K2 Systems Limited as follows:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

2. BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, www.k2sy.com

3. BOARD EVALUATION:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

K2 SYSTEMS LIMITED

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

4. LISTING AGREEMENT:

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, The Company entered into fresh Listing Agreement with Metropolitan Stock Exchange of India Limited.

5.COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with Metropolitan Stock Exchange of India Limited and framed the following policies which are available on Company's website i.e. www.k2sy.com

- Board Diversity Policy
- Policy on preservation of Documents
- Risk Management Policy
- Whistle Blower Policy
- Familiarization programme for Independent Directors
- Sexual Harassment Policy
- Related Party Policy
- Code of Conduct for Board of Directors and Senior Management Personnel

6. “K2 SYSTEMS” CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The policy has been formulated to regulate, monitor

and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website www.k2sy.com

7. BOARD OF DIRECTORS:

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the company.

As trustees, the Board has a fiduciary responsibility towards all the shareholders and ensures that the company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils all stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, also periodically reviews its role.

8. COMPOSITION OF THE BOARD:

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2016, the Company's Board comprised of five Directors, two promoter Directors including one woman Director. In addition, there are three independent Directors on the Board. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

9. NUMBER OF BOARD MEETINGS:

The Board of Directors met four (4) times during the financial year, on May 29, August 14, and November 14 in 2015 and February 13 in 2016. The maximum time gap between any two meetings was less than four months. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors.

10. ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors

K2 SYSTEMS LIMITED

are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, then they do not serve as independent director in more than three listed companies.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are shown in **Table 1**.

Name of Director	Relationship with other Directors	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last AGM (30.09.2015)	No. of Outside Directorships of Public Companies	No. of Committee Memberships	No. of Committee Chairmanships
Mr. Boga Prabhakar	Father of Mrs. Boga Sharathdruthi	P & E D	4	4	Yes	1	--	--
Mrs. Boga Sharathdruthi	Daughter of Mr. Boga Prabhakar	P & NED	4	4	yes	1	--	--
Mr. B. Nageshwar Rao	None	ID & NED	4	4	Yes	--	--	--
Mr. K. R. Srinivasa Rao	None	ID & NED	4	4	Yes	--	--	--
Mr. A. Narasimha Sarma	None	ID & NED	4	4	Yes	--	--	--

11. INFORMATION SUPPLIED TO THE BOARD:

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the whole-time director is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The following information is provided to the Board as a part of the agenda papers:

- Annual and Quarterly financial statements for the Company and the Accounting Policy.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Annual business plan
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief

K2 SYSTEMS LIMITED

Financial Officer and Company Secretary, whenever required.

- Expansion projects and its status monitoring.
- Fatal or serious accidents, injuries or any material environmental problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company, if any
- Significant labour problems and their proposed solutions, whenever necessary
- Any significant development in human resources / industrial relations including long-term wage agreement, major voluntary retirement scheme, etc.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Quarterly disclosure of all the investments made
- Material non-compliance of any regulatory, statutory nature or listing requirements and shareholders service, such as non-payment of dividend, delay in share transfer and others, if any
- Quarterly review of compliance status under various laws applicable to the Company
- Substantial non-payment of goods sold by the Company except disputes
- Related Party Transactions, if they are not at arm's length and in the ordinary course of business
- Half-yearly summary of bank guarantees issued.
- All other matters required to be placed before the Board for its review / information / approval under the statutes, including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

12. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarise with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Details of the same are available on www.k2sy.com

13. COMMITTEES OF THE BOARD:

The Company has four Board-level Committees - Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Risk Management Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

14. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and read with Section 177 of the Companies Act, 2013.

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - a. Any changes in accounting policies and practices;
 - b. Qualification in draft audit report;
 - c. Significant adjustments arising out of audit;
 - d. The going concern concept;
 - e. Compliance with accounting standards;
 - f. Compliance with stock exchange and legal requirements concerning financial statements and
 - g. Any related party transactions

K2 SYSTEMS LIMITED

- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the 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.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

B. COMPOSITION, MEETINGS & ATTENDANCE:

There were four (4) Audit Committee Meetings held during the year on May 29, August 14, and November 14 in 2015 and February 13 in 2016.

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. B. Nageshwar Rao	Chairman	NED (I)	4	4
Mr. Narasimha Sarma	Member	NED (I)	4	4
Mr. K. R. Srinivasa Rao	Member	NED (I)	4	4

NED (I) : Non Executive Independent Director

15. NOMINATION AND REMUNERATION COMMITTEE:

The Committee comprises of three non-executive independent Directors

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
 - a. to take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
 - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. A.Narasimha Sarma	Chairman	NED (I)	-	-
Mr. B. Nageshwar Rao	Member	NED (I)	-	-
Mr. K. R. Srinivasa Rao	Member	NED (I)	-	-

NED (I) : Non Executive Independent Director

16. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

Policy:

1. The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.
 2. In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
 - General understanding of the company's business dynamics, global business and social perspective;
 - Educational and professional background
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;
 - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- 2.1 The proposed appointee shall also fulfil the following requirements:
- shall possess a Director Identification Number;
 - shall not be disqualified under the companies Act, 2013;
 - shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
 - shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
 - shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

K2 SYSTEMS LIMITED

- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other relevant laws.
3. Criteria of independence
 - 3.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.
 - 3.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - 3.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.
 4. Other directorships/ committee memberships
 - 4.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
 - 4.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
 - 4.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.
 - 4.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder’s relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

17. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

- i. The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
 - Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
 - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
 - The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

There were four (4) stakeholders' relationship committee held during the year on May 29, August 14, and November 14 in 2015 and February 13 in 2016

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. B. Nageshwar Rao	Chairman	NED (I)	4	4
Mr. Narasimha Sarma	Member	NED (I)	4	4
Mr. K. R. Srinivasa Rao	Member	NED (I)	4	4

NED (I) : Non Executive Independent Director

18. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Boga Prabhakar,
H. No. 10-4-1/A/8, Flat No G-3,
Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad - 500028
ktwosys@gmail.com

19. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-16:

NUMBER OF COMPLAINTS	NUMBER
Number of complaints received from the investors comprising non-receipt of securities sent for transfer and transmission, complaints received from SEBI / Registrar of Companies / Bombay Stock Exchange / National Stock Exchange / SCORE and so on	1
Number of complaints resolved	1
Number of complaints not resolved to the satisfaction of the investors as on March 31, 2016	-
Complaints pending as on March 31, 2016	-
Number of Share transfers pending for approval, as on March 31, 2016	-

20. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY: None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

A. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:**Policy:**

1. Remuneration to Executive Director and key managerial personnel
 - 1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
 - 1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.
 - 1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:
 - (i) Basic pay
 - (ii) Perquisites and Allowances

(iii) Stock Options

(iv) Commission (Applicable in case of Executive Directors)

(v) Retrial benefits

(vi) Annual performance Bonus

1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

2. Remuneration to Non – Executive Directors

2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.

2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3. Remuneration to other employees

3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

B. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2015-16 AND OTHER DISCLOSURES:

Name of the Director	Salary(Rs)	Sitting fees (Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. Boga Prabhakar	4,80,000	--	--	--	--	--	--
Mrs. Boga Sharathruthi	--	--	--	--	--	--	--
Mr. B. Nageshwar Rao	--	--	--	--	--	--	--
Mr. Narasimha Sarma	--	--	31010	--	--	--	--
Mr. K. R. Srinivasa Rao	--	--	--	--	--	--	--

21. INDEPENDENT DIRECTORS' MEETING:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 14.03.2016, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The detail of the familiarization program is given at company's website (www.k2sy.com Investor Relations).

22. REMUNERATION POLICY:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

K2 SYSTEMS LIMITED

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities should and individual performance.

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

- 2.1 "Director" means a director appointed to the Board of a Company.
- 2.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- 2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Remuneration policy for Directors, key managerial personnel and other employees:

1. Scope:

- 1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

- 2.1 "Director" means a director appointed to the Board of the company.
- 2.2 "key managerial personnel" means
 - (i) The Chief Executive Office or the managing director or the manager;
 - (ii) The company secretary;

- (iii) The whole-time director;
- (iv) The chief finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 “Nomination and Remuneration committee” means the committee constituted by Board in accordance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

23. FORMAL ANNUAL EVALUATION:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder and regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the independent directors of the company had a meeting on 04/11/2015 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors. The company has 2 non-independent directors namely:

- I.) Mr. Boga Prabhakar–Whole-Time Director
- ii.) Mrs. Boga Sharathdruthi - Director

The meeting recognized the significant contribution made by Mr. Boga Prabhakar in directing the Company towards the success path and placing the Company globally in Software Technolgy.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

K2 SYSTEMS LIMITED

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

24. RISK MANAGEMENT COMMITTEE

A.) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. R. Srinivasa Rao	Chairman	NED(I)
Mrs. Boga Sharathdruthi	Member	NED(P)
Mr. B. Nageshwar Rao	Member	NED(I)

NED (I) : Non Executive Independent Director

NED (P) : Non Executive Director (Promoter)

ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

- Framing of Risk Management Plan and Policy.
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy

K2 SYSTEMS LIMITED

- Validating the process of risk management
- Validating the procedure for Risk minimisation.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

25. DETAILS ON GENERAL BODY MEETINGS:

A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2014-15	30.09.2015	10.30 A.M	Regd. Off. H. No. 10-4-1/a/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nlayam, Lower Masab Tank, Hyderabad – 500028	1. Amendment of Articles of Association of the Company.
2013-14	30.09.2014	11.00 A.M	Regd. Off. H. No. 10-4-1/a/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nlayam, Lower Masab Tank, Hyderabad – 500028	1. Appointment of Mr. K. R. Srinivasa Rao as an Independent director of the company. 2. Appointment of Mr. B Nageshwar Rao as an Independent director of the company. 3. Amendment of Articles of Association of the Company.
2012-13	26.09.2013	11.00 A.M	Regd. Offi: 2-4-68/RC/506, Upperpally, Hyderabad-500048	1. Appointment of Mr. B Nageshwar Rao as a director of the company. 2. Appointment of Mr. Boga Prabhakar, as an Executive director of the company.

26. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2015-16.

27. MEANS OF COMMUNICATION

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record/approved. These financial results are published in the Financial Express in English and Telugu language newspapers Andhra Prabha, respectively. These results are not distributed/ sent individually to the shareholders.

In terms of the requirements of SEBI (Listing Obligations & Disclosures Requirements), the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through Corporate

Filing and Dissemination System viz., on www.mylisting.msei.in The un-audited financial results as well as audited financial results, shareholding pattern of the Company and Report on Corporate Governance are displayed on www.msei.in

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts' Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at www.k2sy.com

28. GENERAL SHAREHOLDER INFORMATION:**A. ANNUAL GENERAL MEETING:**

The Twenty-Seventh Annual General Meeting of the Company will be held as per the following schedule:

Day	Friday
Date	30th September, 2016
Time	11.30 A.M
Venue	Regd. Off. H. No. 10-4-1/a/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nlayam, Lower Masab Tank, Hyderabad – 500028

K2 SYSTEMS LIMITED

B. VENUE: FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2016-17 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

Financial Year	2016-2017
First Quarterly Results	21.07.2016
Second Quarterly Results	11.11.2016
Third Quarterly Results	12.02.2017
Fourth Quarterly Results	14.04.2017
Annual General Meeting for year ending 31st March,2017	30.09.2017

C. DIVIDEND PAYMENT DATE: No Dividend was declared during the Financial Year 2015-16.

D. NAME AND ADDRESS OF EACH STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:

EXCHANGE: Metropolitan Stock Exchange of India Limited, Vibgyor Towers, 4th floor, Plot No C 62, G - Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400 098, India.

E. STOCK CODE: K2SYSTEMS (Metropolitan Stock Exchange of India Limited)

F. STOCK MARKET PRICE DATA: the company shares are not trading in exchange, hence data is not available.

G. REGISTRAR AND SHARE TRANSFER AGENTS:

Big Share Services Private Limited E – 2/3,
Ansa Industrial Estate Sakivihar Road,
Saki Naka Andheri (E), Mumbai – 400072

H. SHARE TRANSFER SYSTEM:

Shares received for transfer by the Company or its Registrar and Share Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/are duly transferred and dispatched within a period of 15 days from the date of receipt.

K2 SYSTEMS LIMITED**I. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2016:**

HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 5000	3116	85.56	490790	12.46
5001 – 10000	197	5.41	161289	4.09
10001 – 20000	116	3.19	181070	4.60
20001 – 30000	65	1.79	171850	4.36
30001 – 40000	21	0.58	74956	1.90
40001 – 50000	64	1.75	290000	7.36
50001 – 100000	27	0.74	193019	4.90
100001 and above	36	0.98	2377026	60.33

J. DEMATERIALISATION & LIQUIDITY OF SHARES:

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE441B01024. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares held in demat and Physical mode as on March 31, 2016 is as follows:

Particulars	No. of Shares	% Share Capital
NSDL	1,79,166	45.47
CDSL	27,744	7.04
PHYSICAL	1,87,090	47.49
Total	3,94,000	100.00

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with respective depository participants.

A. ADDRESS FOR CORRESPONDANCE:

Mr .Boga Prabhakar
Address: H. No. 10-4-1/A/8, Flat No G-3,
Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad - 500028
bogaprabhakar@yahoo.com

B. BOOK CLOSURE DATE:

The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be from Monday, 24th September, 2016 to Friday, 30th September, 2016 (both days inclusive).

C. ELECTRONIC CONNECTIVITY:

Demat ISIN Number: INE441B01024

D. NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013.

E. CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Phiroze Jeejeebhoy Towers, 28th Floor
Dalal Street, Mumbai – 400 023.

F. SHAREHOLDING PATTERN AS ON 31ST MARCH,2016:

S. No	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group		
1.	Indian		
	Individual	77,850	19.76
2.	Foreign	--	--
	Individual	--	--
	Sub-Total A	77,850	19.76
B	Public Shareholding		
1.	Institutions	--	--
2.	Non Institutions		
	a. Bodies Corporate	8,230	2.09
	b. Indian Public and others	3,07,920	78.15
	Sub Total B	3,16,150	80.24
	Grand Total (A+B)	3,94,000	100.00

11. OTHER DISCLOSURES:**A. WHISTLE BLOWER POLICY:**

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

B. WEB-LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED.

The company does not have any material' subsidiaries for the financial year 2015-16.

C. WEB LINK WHERE POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS:

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's Website www.k2sy.com. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, Accordingly, the disclosure of Related.

Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

D. DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE:

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

E. DISCLOSURE OF ACCOUNTING TREATMENT:

The Company follows the guidelines of Accounting Standards referred to in section 133 of The Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 together with early adoption of Accounting Standard (AS) 30 'Financial instruments: Recognition and Measurement' and the consequential limited revisions to certain Accounting Standards issued by the Institute of Chartered Accountants of India.

F. MISCELLANEOUS:

- **BANK DETAILS:** Shareholders holding shares in physical form are requested to notify / send the following information to the Registrar and Share Transfer Agent of the Company:
 - Any change in their address/mandate/bank details etc.; and
 - Particulars of the bank account in which they wish their dividend to be credited (in case the same has not been furnished earlier); and should include the following particulars namely, Bank Name, Branch Name, Account Type, Account Number and MICR Code (9 digits).

- **PERMANENT ACCOUNT NUMBER:**

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

- **NOMINATION FACILITY:**

- Shareholders holding shares in physical form and desirous of submitting/changing nomination in respect of their shareholding in the Company may submit requisite Form as per the provisions of the Companies Act,

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Enterprises are increasingly outsourcing their technology and IT services requirements to global IT service providers, leveraging their capability to deliver on a global scale and competitive prices. While global technology spending grew by 5.5% in 2016, global IT sourcing grew at almost double this rate to record 10.5% growth in 2016, according to 'Strategic Review Report 2016' of the National Association of Software and Service Companies (NASSCOM). Global IT service providers offer a range of end-to-end solutions including Software Development, IT Business Solutions, Research & Development Services, Business Process Outsourcing (BPO), Consulting and related support functions.

As a result there is an increasing need for highly-skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT department and increase costs. These factors have led to the increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

2. SEGMENT WISE OR PRODUCT WISE PERFORMANCE: Not applicable since the Company operates in one segment only viz. software business

During the year under review, the Company has recorded revenue of Rs. 8,95,870 and made a net profit of Rs. 64,263 against revenue of Rs. 14,223,275 and net profit of Rs. 256,485 in the previous financial year 2014-15. The company is engaged in the business of IT Services, which as per Accounting Standard 17 is considered the only reportable business.

3. OUTLOOK:

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

4. COMPANY STRENGTHS:

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting Records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Your Company recognizes the value addition of its employees and their contribution to the growth and development of the Company. In turn, the Company is committed to train and develop its people and motivate them. Industrial relations have been cordial and mutually beneficial.

MGT 9

Extract of Annual Return

As on the Financial Year 31.03.2016

[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:									
i.	CIN:-				L72200TG1989PLC010200				
ii.	Registration Date				03.07.1989				
iii.	Name of the Company				K2 Systems Limited				
iv.	Category / Sub-Category of the Company				Company limited by shares/ Non government company				
v.	Address of the Registered office and contact details				H. No. 10-4-1/A/8, Flat No G-3, Ramakrishna Nagar, Srilaxmi Nlayam, Lower Masab Tank, Hyderabad - 500028				
vi.	Whether listed company Yes / No				Yes				
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any				Bigshare Services Pvt. Ltd. 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road , Somajiguda, Hyderabad - 500082, Telangana				
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.	Design and development services of a web page including content development				99831411	100			
2.	Design and development services of software applications including customised and packaged software				99831413	-			
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: Not Applicable									
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
<i>j) Category-wise Share Holding:-</i>									
Category of Shareholders	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	% of Total Shares	

K2 SYSTEMS LIMITED

A. Promoters									
(1) Indian	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Demat
Individual/ HUF	53,934	23,916	77,850	19.76	53,934	23,916	77,850	19.76	--
Central Govt	--	--	--	--	--	--	--	--	--
State Govt (s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	53,934	23,916	77,850	19.76	53,934	23,916	77,850	19.76	--
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	53,934	23,916	77,850	19.76	53,934	23,916	77,850	19.76	--
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--

K2 SYSTEMS LIMITED

g) Flls	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Fund	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
2. Non Institutions									
a) Bodies Corp.									
i) Indian	6,810	0	6,810	1.73	6,810	0	6,810	1.73	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,09,455	44,161	1,53,616	38.98	1,09,455	44,161	1,53,616	38.98	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	35,210	1,19,025	1,54,235	39.52	35,210	1,19,025	1,54,235	39.52	--
c) Others (specify)	1470	0	1470	0.37	1470	0	1470	0.37	--
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	1,52,965	1,63,185	3,16,150	80.24	1,52,965	1,63,185	3,16,150	80.24	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--

K2 SYSTEMS LIMITED

Grand Total (A+B+C)	206899	187101	394000	100	206899	187101	394000	100	--	
(ii) Shareholding of Promoters										
Sl. No	Shareholder's Name	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	% of Total Shares	
										Nil
1.	Vemuri Krishna	40,078	0	40,078	10.17	40,078	0	40,078	10.17	
2.	K Shailla Sri	15,750	0	15,750	4.00	15,750	0	15,750	4.00	
3.	Vijay Kumbham	13,856	0	13,856	3.52	13,856	0	13,856	3.52	
4.	Mahesh Rao	8,165	0	8,165	2.07	8,165	0	8,165	2.07	
(iii) Change in Promoters' Shareholding (please specify, if there is no change):N.A										
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year						
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company					
	At the beginning of the year	--	--	--	--					
	At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):N.A									
	At the End of the year	--	--	--	--					
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):										
Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of the year						
		No. of Shares	% of total shares of The company	No. of Shares	% of total shares of the company					
	At the beginning of the year									
1	Vemuri Krishna	40078	10.17	40078	10.17					
2	Ram Kumar	15932	4.04	15932	4.04					
3	S S Ganesh	14390	3.65	14390	3.65					
4	K Veera Raju	12450	3.16	12450	3.16					
5	Mahipal Reddy	9180	2.33	9180	2.33					
6	V Sarada Devi	7345	1.86	7345	1.86					
7	V Visalakshmi	7200	1.83	7200	1.83					

K2 SYSTEMS LIMITED

8	K Deepti Reddy	6750	1.71	6750	1.71
9	Vijay Kumbham	13856	3.52	13856	3.52
10	Akella Narasimha Sarma	31010	7.87	31010	7.87
Date wise Increase / Decrease in top ten Shareholder Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):N.A					
At the End of the year					

(v) Shareholding of Directors and Key Managerial Personnel: NA

Sl. No.	For Each of the Directors and KMP	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
At the beginning of the year		--	--	--	--
Date wise Increase / Decrease in Directors and Key Managerial Personnel Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):N.A					
At the End of the year					

V. INDEBTEDNESS

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Principal Amount		1,31,71,429	-	1,31,71,429
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		1,31,71,429	--	1,31,71,429
Change in Indebtedness during the financial year		--	--	--
Addition				
Reduction				
Net Change		--	--	--
Indebtedness at the end of the financial year		1,31,71,429	--	1,31,71,429
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		1,31,71,429	-	1,31,71,429

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

K2 SYSTEMS LIMITED

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		MD	Mr. Boga Prabhakar	Manager		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	--	4,80,000	--	--	4,80,000
2.	Stock Option	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--
4.	Commission - as % of profit - Others, specify...	--	--	--	--	--
5.	Others, please specify	--	--	--	--	--
6.	Total (A)	--	4,80,000	--	--	4,80,000
7.	Ceiling as per the Act	--	--	--	--	--
B. Remuneration to other directors: Not Applicable						
Sl. no.	Particulars of Remuneration	Name of Director				Total Amount
1	Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-				-
	Total (1)	-				-
2	Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-				-
	Total (2)	-				-
	Total (B)=(1+2)	-				-
	Total Managerial Remuneration	-				-
	Overall Ceiling as per the Act	-				-
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: Not Applicable						
Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary	CFO	Total	
1.	Gross salary (a) Salary as per provisions	--	--	--	--	

K2 SYSTEMS LIMITED

	contained in section 17(1) of the Income-tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--	--
5.	Others, please specify	--	--	--	--
6.	Total				
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: During the year the Company has no Penalties / Punishment/ Compounding of Offences					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

**FORM MR-3
SECRETARIAL AUDIT REPORT**

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel)
Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To
The Members of
M/s. K2 Systems Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. K2 Systems Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2015 and ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s.K2 Systems Limited ("The Company") for the financial year ended on 31st March, 2016, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014;
 - ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

K2 SYSTEMS LIMITED

- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) is furnished hereunder for the financial year 2015-16
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable. Except yearly and event based disclosures.**
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable.**
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable.**
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable.**
 - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable.**
 - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **Not Applicable.**
 - vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable.**
 - viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for fair disclosure, 2015 and displayed the same on company's Website i.e www.k2sy.com and all required disclosures from time to time as and when applicable are complied with.
 - ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and

K2 SYSTEMS LIMITED

- The Company has signed uniform listing agreement with Metropolitan Stock exchange of India Limited:
- The Company has framed the policies as mentioned below and displayed the same on the Company's website i.e m.
 - Board Diversity Policy
 - Policy on Preservation of Documents
 - Risk Management Policy
 - Whistle Blower Policy
 - Related Party Transaction Policy
 - Familiarization programme for Independent Directors.
 - Sexual Harassment Policy
 - Code of Conduct
- 3. During the year the company has conducted 4 Board meetings, 4 Audit committee meetings, 4 Shareholder relationship Committee meetings and 1 Independent Directors meeting. We have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
 - ii. Listing Agreements (till November 30, 2015) entered into by the Company with Metropolitan Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)
- 4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
 - i. the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report,
 - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report, and

- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad are not attracted to the company under the financial year under report.
- ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (a) We further report that:-
 - i. The company has a whole-Time director namely Mr. Boga Prabhakar
 - ii. The company has not appointed company secretary, Chief Financial officer and internal auditor during the financial year 2011-16.
- 5. Other laws applicable specifically to the Company namely:
 - a) Information Technology Act, 2000 and the rules made thereunder.
 - b) Software Technology Parks of India rules and regulations.
- 6. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We 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 changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that during the audit period there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For S.S. Reddy & Associates

Sd/-

S.Sarveswara Reddy
Practicing Company Secretaries
C.P.No: 7478

Place: Hyderabad
Date: 13.08.2016

K2 SYSTEMS LIMITED

To
The Members of
M/s. K2 Systems Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S.S. Reddy & Associates

Sd/-

S.Sarveswara Reddy
Practicing Company Secretaries
C.P.No: 7478

Place: Hyderabad
Date: 13.08.2016

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s. K2 Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.
Yours Faithfully,

Date: 28.05.2016
Place: Hyderabad

K.R. Srinivasa Rao
DIN: 01682859

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s. K2 Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.
Yours Faithfully,

Date: 28.05.2016
Place: Hyderabad

B. Nageshwar Rao
DIN: 06549041

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s. K2 Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.
Yours Faithfully,

Date: 28.05.2016
Place: Hyderabad

A. Narasimha Sarma
DIN: 01582638

Independent Auditors' Report on Financial Statements

To the Members of K2 SYSTEMS LIMITED.

Report on the financial Statements

We have audited the accompanying standalone financial statements of K2 SYSTEMS LIMITED('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are Free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone

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 31 March 2016 and its profit and its cash flows for the ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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 and the cash flow statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M M REDDY & CO.,
Chartered Accountants
Firm Registration No.010371S

Place: Hyderabad
Date : 28.05.2016

M Madhusudhana Reddy
Partner
Membership No.213077

Annexure-A to the Auditors' Report

The Annexure-A referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the Year ended 31 March 2016, we report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. The title deeds of the immovable property are held in the name of the company.
2. The physical verification of the inventory excluding stocks with third parties has been conducted at reasonable intervals by the management during the year. In our opinion the frequency of the verification is reasonable.
3. The Company has granted any loans to one body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - a. In our opinion, the rate interest and other conditions on which the loans has been granted to body corporate listed in register maintained under section 189 of the act were not, prima facie, prejudicial to the interest of the company.
 - b. In the case of the loan granted to body corporate covered in the register maintained under section 189 of the Companies Act, 2013, the borrowers have been regular in the payment of the principle and interest as stipulated.
 - c. There are no overdue amounts in respect of the loan granted to body corporate covered in the register maintained under section 189 of the Companies Act, 2013.

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7.
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, duty of excise income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
 - b. According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
8. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
9. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and terms loans during the year.
10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
11. The company has not paid/ provided managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
12. The company is not Nidhi Company and the Nidhi Rules, 2014 not applicable to it. Accordingly the provisions of Clause 3(Xii) of order not applicable to the company.

13. The company has entered transactions with the related parties and complied with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the accounting standards.
14. According to information and explanations given to us and based on our examinations of the records of the company, the company has not preferential allotment / private placement of shares or fully or partly convertible debenture's during the year.
15. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) of order not applicable to the company.
16. The company is not required to be registered under section 45-IA of the ReserveBank of India Act, 1934.

For M M REDDY & CO.,
Chartered Accountants
Firm Registration No.010371S

Place: Hyderabad
Date : 28.05.2016

M Madhusudhana Reddy
Partner
Membership No.213077

K2 SYSTEMS LIMITED**Balance Sheet as at 31.03.2016**

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	Note No's	2015-16	2014-15
		As at Mar' 31, 2016	As at Mar' 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	3,940,000	3,940,000
Share Application Money		-	-
Reserves and Surplus	3	(5,458,764)	(5,523,027)
	A	(1,518,764)	(1,583,027)
Non - current liabilities			
Long - term borrowings	4	13,171,429	6,121,426
Deferred tax liabilities (Net)	5	(93,855)	(108,462)
Long term provisions		-	-
	B	13,077,574	6,012,964
Current liabilities			
Short - term borrowings		-	-
Other current liabilities	6	167,541	167,541
Trade Payables	7	39,773,938	40,154,603
Short - term provisions	8	13,712	381,559
	C	39,955,191	40,703,703
Total	(A+B+C)	51,514,001	45,133,640
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible Assets	9	-	-
(ii) Intangible Assets		-	-
(iii) Capital work in progress		-	-
Deferred tax assets (Net)		-	-
Long - term loans and advances	-	-	-
Non-current investments	-	-	-
Other Non- Current Assets	9	-	-
	A	-	-
Current assets			
Inventories		-	-
Trade receivables	10	42,070,307	42,070,307
Cash and cash equivalents	11	34,763	154,402
Short - term loans and advances	12	9,408,931	2,908,931
Other current assets		-	-
	B	51,514,001	45,133,640
Total	(A+B)	51,514,001	45,133,640

The Notes to accounts form an integral part of the Balance Sheet
This is the Balance sheet referred to in our report of even date.

For MM REDDY AND CO
Firm Registration Number : 010371S
Chartered Accountants

For and on behalf of the Board of Directors
K 2 SYSTEMS LIMITED

M.Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
Boga Prabhakar
Wholetime Director
DIN: 01832368

Sd/-
B. Nageshwar Rao
Director
DIN: 06549041

Place : Hyderabad
Date : 28.05.2016

K2 SYSTEMS LIMITED**Profit and Loss Account for the year ended 31.03.2016**

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	Note No's	2015-16	2014-15
		Year Ended Mar' 31, 2016	Year Ended Mar' 31, 2015
INCOME			
Turnover (Gross)			
Revenue from operations	13	-	14,223,275
Other Income		895,870	-
Increase/Decrease of Stock		-	-
Total Revenue		895,870	14,223,275
EXPENDITURE			
Operating Expenses	14	-	11,572,449
Personnel Cost	15	497,500	1,143,495
Administration expenses	16	305,787	1,052,891
Depreciation/amortization	9	-	-
Total		803,287	13,768,835
Profit / (Loss) before tax		92,583	454,440
Provision for taxation			
- Current Year Tax		13,712	136,718
- Deferred tax		14,607	61,237
Total tax expense		28,319	197,955
Profit/(Loss) from continuing operations		64,263	256,485
Balance brought forward from previous year		(5,523,027)	(5,365,552)
Balance carried to Balance Sheet		(5,458,764)	(5,109,067)
Earnings per share			
Basic		0.16	0.65
Weighted Average Number of Shares		394,000	394,000
Nominal value		10	10

The Notes to accounts form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our report of even date.

For MM REDDY AND CO
Firm Registration Number : 010371S
Chartered Accountants

For and on behalf of the Board of Directors
K 2 SYSTEMS LIMITED

M.Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
Boga Prabhakar
Wholetime Director
DIN: 01832368

Sd/-
B. Nageshwar Rao
Director
DIN: 06549041

Place : Hyderabad
Date : 28.05.2016

K2 SYSTEMS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and extraordinary item	92,583	454,440
Adjustments for:		
Depreciation	-	-
Interest paid	-	-
Other Income	-	-
Misc Exp. Written off	-	-
Operating Profit before Working Capital Changes	92,583	454,440
Adjustments for:		
Inventories		
Increase in Trade and Receivables	-	(14,969,438)
Increase in Loans & Advances	-6500000	0
increase in other current liabilities	-	167,541
Increase in Sundry Creditors	(380,665)	14,466,594
Cash Generated From Operations:	(6,880,665)	(335,303)
Taxes Paid	381,559	155,869
Net cash flow/(used) from operating activities (A)	(7,169,642)	(36,732)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Net cash flow/(used) from investing activities (B)	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	-
Secured & Unsecured Loans taken	7,050,003	67,249
Dividend & Dividend tax Paid	-	-
Net cash flow/(used) from financing activities (C)	7,050,003	67,249
"Net Increase / Decrease in Cash and Cash equivalents (A+B+C)"	(119,639)	30,517
Cash and cash equivalents as at beginning of the year	154,402	123,884
Cash and cash equivalents as at end of the year	34,763	154,401

As per our report of even date attached

For MM REDDY AND CO
Firm Registration Number : 010371S
Chartered Accountants

For and on behalf of the Board of Directors
K 2 SYSTEMS LIMITED

M.Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
Boga Prabhakar
Wholetime Director
DIN: 01832368

Sd/-
B. Nageshwar Rao
Director
DIN: 06549041

Place : Hyderabad
Date : 28.05.2016

Notes to Financial Statements**1. Significant Accounting Policies****a. Basis of preparation of Financial Statements**

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and Liabilities accounted/recognized on accrual basis. GAAP comprises mandatory accounting as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the required amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

d. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

e. Depreciation

Depreciation on fixed assets has been provided on Written Down Value method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

f. Borrowing costs:

Borrowing costs that are directly attributable to the acquisition or the construction of a qualifying asset is capitalized for the period until the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time i.e more than 12 months to get ready for intended use. All other borrowing costs are charged to revenues

g. Income Tax**i. Current tax :**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

ii. Deferred tax :

Deferred income taxes is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Where the Company has carry forward of unabsorbed depreciation or tax losses deferred tax assets are recognized only if it is virtually certain backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

i. Provisions

A Provision is recognized when the Company has a present obligation as a result of past event i.e it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

j. Cash Flow Statement:

Cash Flow Statement has been prepared under indirect method as per the Accounting Standard-3 “Cash Flow Statement” .

k. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

K2 SYSTEMS LIMITED**Notes to Accounts**

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

Particulars	As at	
	31-03-2016	31-03-2015
Note 2 : Share Capital		
Authorised:		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issues, Subscribed and Paid up		
3940000 equity shares of Rs.10 each	39,400,000	39,400,000
Calls in Arrears	-	-
TOTAL	39,400,000	39,400,000
Note 3 : Reserves and Surplus		
Note 3 : Reserves and Surplus	-	-
General Reserve		
Balance as per last account		
Profit & Loss A/c Surplus	(5,523,027)	
Balance in the statement of profit & loss	-	(5,365,552)
Less: Depreciation relating to earlier years	64263	(413,960)
Additions during the year		270,085
	5458764	(5,509,427)
Note 4 : Long - term borrowings		
Loans and advances from banks		
Term loans		
From banks	-	-
From others	-	-
From Associate Company	100,000	1,430,357
Unsecured Loans from group companies/directors	13,071,429	4,691,069
TOTAL	13,171,429	6,121,426
Note 5 : Deferred tax liabilities (Net)		
Opening Balance	(108,462)	(169,699)
Add/Less: Current year Provision	14,607	61,237
TOTAL	(93,855)	(108,462)

K2 SYSTEMS LIMITED**Notes to Accounts**

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

Particulars	As at	
	31-03-2016	31-03-2015
Note 6 : Trade Payables		
Sundry Creditors	39,031,108	39,011,108
Outstanding Liabilities	742,830	1,143,495
TOTAL	39,773,938	40,154,603
Note 7 : Short - term provisions		
Provision for Income tax	13712	381,559
Provision for Gratuity	-	-
TDS Payable	-	-
service Tax Payable	-	-
TOTAL	13712	381,559
	As at	
	31-03-2016	31-03-2015
NOTE 9: other current liabilities		
duties and taxes	167,541	167,541
	167,541	167,541

K2 SYSTEMS LIMITED**Notes to Accounts**

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

Particulars	As at	
	31-03-2016	31-03-2015
Note 10 : Trade receivables (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	42,070,307	-
Considered doubtful	-	-
Other debts		
Considered good		42,070,307
	42,070,307	42,070,307
Less: Provision for doubtful debts	-	-
Total	42,070,307	42,070,307
Note 11 : Cash and cash equivalents		
Cash on hand	16,570	44,908
Balances with scheduled banks		
On current accounts	18,193	109,494
On deposit accounts	-	-
Total	34,763	154,402
Note 12 : Short - term loans and advances		
Tax Deducted at Source	1,273,597	1,273,597
Other Advances	8,135,334	1,635,334
	9,408,931	2,908,931
Note 13 : Revenue from operations		
Gross Receipts from sales	-	14,223,275
Less:sales returns	-	-
	-	14,223,275

K2 SYSTEMS LIMITED**Notes to Accounts**

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

Particulars	As at	
	31-03-2016	31-03-2015
Note 14 : Operating Expenses		
Purchases made during the year	-	11572449
Purchase of Services	-	-
Freight Charges	-	-
	-	11,572,449
Note 15 : Personnel Cost		
Salaries	17,500	1,143,495
Directors Remuneration	480000	-
Staff Welfare	-	-
	497,500	1,143,495
Note 16 : Administration expenses		
Auditors Remuneration	30,000	30,000
Advertisement Expenses	40,650	34,750
Bank Charges	999	618
Filing & Registration	-	65,300
Professional charges	75,000	97,600
Listing & custodian fee	139,638	156,785
Printing & Stationary	13,800	33,760
Communication Expenses	5,700	32,435
Interest on income tax	-	17,215
Consultancy Charges	-	34,939
General Expences	-	65,319
Conveyance Expences	-	34,589
Travelling Expenses	-	99,480
Rent	-	170,000
Office Maintenance	-	102,890
Electricity Charges	-	35,106
Postage and Courior charges	-	42,105
	305,787	1,052,891

17. Contingent Liabilities and Commitments – NIL-**18. Related Party Transactions**

a) List of Related Parties

Subsidiary Companies	NIL
Associates Companies controlled by key management personnel / relatives who are substantially interested	1.Kautilya Homes Private Limited 2.Kautilya Laboratories Pvt Ltd 3.Kautilya Mutual Benefit Pvt Ltd 4.Kautilya Portfolio Pvt Ltd
Key managerial personnel	Boga Prabhakar Boga Sharathdhruthi

b) Related party disclosure as required by AS-18 are given under:

Amounts in Rupees

Name of the party	Relationship	Nature of Transaction	31.03.2016	31.03.2015
Boga Prabhakar	Key Management (Whole time Director)	Unsecured Loan Taken	1,10,04,240	67,249
Boga Kautilya	Relative of Key Management	Unsecured Loan Taken	18,99,940	-
Kautilya Homes Private Limited	Entity owned or significantly influenced by Key Management personnel	Repayment of Unsecured Loan	13,30,357	-
Kautilya Laboratories Private Limited	Entity owned or significantly influenced by Key Management personnel	Repayment of Unsecured Loan	10,00,00	-
Kautilya Mutual Benefit Private Limited	Entity owned or significantly influenced by Key Management personnel	Repayment of Unsecured Loan	8,00,000	-
Kautilya Portfolio Private Limited	Entity owned or significantly influenced by Key Management personnel	Repayment of Unsecured Loan	8,00,000	-
Swagraha Estates Private Limited	Entity owned or significantly influenced by Key Management personnel	Repayment of Unsecured Loan (Loan Given)	20,23,820 (65,00,000)	-

c) Balance as at 31st March, 2016

Amounts in Rupees

Name of the party	Relationship	Nature of Transaction	31.03.2016	31.03.2015
Boga Prabhakar	Key Management (Whole time Director)	Unsecured Loan	1,11,71,489	67,249
Boga Kautilya	Relative of Key Management	Unsecured Loan	18,99,940	-
Kautilya Homes Private Limited	Entity owned or significantly influenced by Key Management personnel	Unsecured Loan	1,00,000	14,30,357
Kautilya Laboratories Private Limited	Entity owned or significantly influenced by Key Management personnel	Unsecured Loan	-	10,00,000
Kautilya Mutual Benefit Private Limited	Entity owned or significantly influenced by Key Management personnel	Unsecured Loan	-	8,00,000
Kautilya Portfolio Private Limited	Entity owned or significantly influenced by Key Management personnel	Unsecured Loan	-	8,00,000
Swagraha Estates Private Limited	Entity owned or significantly influenced by Key Management personnel	Unsecured Loan (Loan Given)	(65,00,000)	20,23,820

19. Value of Imports and Exports - NIL

20. Auditors' Remuneration

Amount in Rs.

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Statutory Auditors	30,000	20,000

21. Earnings Per Share

Amount in Rs.

S.No	Particulars	Year ended 31st March 2016	Year ended 31st March 2015
1.	Net Profit available for Equity Shareholders	64,263	2,56,485
2.	Weighted Average Number of Equity Shares (Nos)	3,94,000	3,94,000
3.	Earnings Per Share – Basic and Diluted	0.16	0.65

17. Balances under Trade Receivable, Trade Payables and loans and advances are subjected to confirmation and reconciliation from respective parties.

18. Segment Reporting

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

24. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee. Notes on financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

For MM REDDY AND CO
Firm Registration Number : 010371S
Chartered Accountants

For and on behalf of the Board of Directors
K 2 SYSTEMS LIMITED

M.Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
Boga Prabhakar
Wholetime Director
DIN: 01832368

Sd/-
B. Nageshwar Rao
Director
DIN: 06549041

Place : Hyderabad
Date : 28.05.2016

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200TG1989PLC010200
Name of the company : K2 Systems Limited
Registered office : H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad, 500028

Name of the member(s):
Registered Address:
E-mail Id:
Folio No./Client Id:
DP ID:

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on the Friday, 30th day of September, 2016 at 11:30 am at H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nilayam, Lower Masab Tank, Hyderabad, 500028, and at any adjournment thereof in respect of such resolutions as are indicated below:

K2 SYSTEMS LIMITED

Resolution No.

1. Approval of financial statements for the year ended 31.03.2016.
2. Re-appointment of Mr. Boga Prabhakar as Director who retires by rotation.
3. Appointment of statutory auditors and fixation of their remuneration.

Signed this day of..... 2016

Signature of shareholder

Signature of Proxy holder(s)



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

K2 SYSTEMS LIMITED

H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank, Hyderabad, 500028

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 27th Annual General Meeting of the members of the company to be held on Friday on 30th September, 2016 at 11:30 am at H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nilayam, Lower Masab Tank, Hyderabad, 500028.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____

(In block letters)

Folio No. / Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

**Form No. MGT-12
POLLING PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200TG1989PLC010200
Name of the company : K2 Systems Limited
Registered office : H. No. 10-4-1/A/8, Flat No. G-3, Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad, 500028

BALLOT PAPER				
Sl. No	Particulars	Details		
1.	Name of the First Named Shareholder (In block letters)			
2.	Postal address			
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)			
4.	Class of Share			
I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:				
No	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of Financial Statements.			
2.	Re-appointment of Director.			
3.	Appointment of Auditors.			

Place:

Date:

Signature of the shareholder

ROUTE MAP FOR AGM VENUE



If undelivered please return to :

K2 SYSTEMS LIMITED

H. No. 10-4-1/A/8, Flat No G-3,
Ramakrishna Nagar,
Srilaxmi Nlayam, Lower Masab Tank,
Hyderabad - 500028