

K2 SYSTEMS LIMITED

**29th ANNUAL REPORT
2017-2018**

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Allam Inna Reddy	- Whole Time Director (Din: 08095426)
Mr .Akella Venkata Rajesh	- Non Executive Director (Din: 07398185)
Mr. Raja Kishore Popuri	- Independent Director (Din: 08146001)
Mrs. Lalitha Kamatham	- Independent Director (Din: 08142853)
Mr. A . Narasimha Sarma	- Independent Director (Din: 01582638)

REGISTERED OFFICE:

Plot No. 160,
Patni Nagar, SP Road, Secunderabad,
Hyderabad,
Telangana-500003
cs@k2sy.com, ktwosys@gmail.com

STATUTORY AUDITOR:

M/s M.M Reddy & Co
Chartered Accountants,
G-8, Amrutha Ville, Opp. Yashodha Hospital
Rajbhavan Road ,Somajiguda
Hyderabad -500082

SECRETARIAL AUDITOR:

CS ANAND KUMAR.C.KASAT
D No 6-3-347/22/2, Flat No.10,
Ishwarya Nilayam, Dwarakapuri Colony, Panjagutta, Hyderabad-500082

Audit Committee:

- | | | |
|----------------------------|----|----------|
| 1) Mr. Raja Kishore Popuri | -- | Chairman |
| 2) Mr. A . Narasimha Sarma | -- | Member |
| 3) Mrs. Lalitha Kamatham | -- | Member |

NOMINATION & REMUNERATION COMMITTEE:

- | | | |
|----------------------------|----|----------|
| 1) Mr. Narasimha Sarma | -- | Chairman |
| 2) Mr. Raja Kishore Popuri | -- | Member |
| 3) Mrs Lalitha Kamatham | -- | Member |

STAKEHOLDERS RELATIONSHIP COMMITTEE:

- | | | |
|-------------------------|----|----------|
| Mr. raja kishore popuri | -- | Chairman |
| Mr. Narasimha Sarma | - | Member |
| Mrs. Lalitha Kamatham | -- | Member |

RISK MANAGEMENT COMMITTEE:

- | | |
|---------------------------|----------|
| Mrs Lalitha Kamatham | Chairman |
| Mr .Akella Venkata Rajesh | Member |
| Mr. Raja Kishore Popuri | Member |

LISTING:

Metropolitan Stock Exchange of India Ltd

REGISTRAR & SHARE TRANSFER AGENTS:

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

CIN: L72200TG1989PLC010200

DEMAT ISIN NUMBER : INE441B01024

K2 systems limited

WEBSITE: www.k2sy.com

INVESTOR MAIL-ID: ktwosys@gmail.com

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Shareholders of M/s. K2 Systems Limited will be held on Friday, the 28th day of September, 2018 at 9.00 AM at the registered office of the Company situated at Plot No. 160, Patni Nagar Sardar Patel Road, Secunderabad, Telangana 500003 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial statements of the company for the Financial Year Ended as at March 31, 2018, and the Reports of Auditors and Directors thereon and in this regard pass the following resolution as **Ordinary Resolution:**

“RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted”

2. To appoint a director in place of MR. ALLAM INNA REDDY (holding DIN:08095426), who retires being a Additional Director and being eligible, offers himself for re-appointment and in this regard pass the following resolution as **Ordinary Resolution:**

“RESOLVED FURTHER THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, of Mr. Allam Inna Reddy (holding DIN:08095426), who retires at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Whole Time Director of the Company, liable to retire by rotation.”

3. To appoint an independent director Mr. Raja Kishore Popuri (Din: 08146001) who being eligible, offers himself for re- appointment and in this regard pass the following resolution as **Ordinary Resolution:**

“RESOLVED FURTHER THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, of Mr. Raja Kishore Popuri (Din: 08146001) who retires at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a independent Director of the Company, liable to retire by rotation.”

4. To appoint a independent director Mrs. Lalitha Kamatham Independent Director (Din: 08142853) who being eligible, offers herself for re- appointment and this regard pass the following resolution as **Ordinary Resolution**:

“RESOLVED FURTHER THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, of Mrs. Lalitha Kamatham Independent Director (Din: 08142853) who retires at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a independent Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** relating to appointment of Statutory Auditors of the Company:

“RESOLVED FURTHER THAT pursuant to the provisions of Section 139 and 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, and pursuant to recommendation of Audit Committee, M/s **Ramamoorthy (N) & Co, (FRN: 002899S)** Chartered Accountants., be and is hereby appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this 29th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company, subject to ratification as to the said appointment at every Annual General Meeting, and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2019 to Financial year ending March 31, 2021 as may be determined by the Audit Committee in consultation with the Auditor from time to time.”

Place: Hyderabad
Date: 05-09-2018

For and on Behalf of the Board
K2 Systems Limited
S/d-
Mr.Allam Inna Reddy Whole-Time
Director (DIN: 08095426)

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 Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.

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.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 22-09-2018 to 28-09-2018 (Both days inclusive).

3. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.

4. 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.

5. 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.

6. 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.

7. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN), Bank Account Number and Email –ID by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN, Bank Account and Email-ID details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their

PAN, Bank Account, and Email – ID details to the Company/Registrar and Share Transfer Agents (M/s. Big share Services Pvt. Ltd)

8. 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.

9. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.

10. 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. Big share Services Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.

11. 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.

12. 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.

13. 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.

14. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be available for inspection at the Annual General Meeting.

15. Electronic copy of the Annual Report for 2017-2018 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 2017-2018 is being sent in the permitted mode.

16. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for 2017-2018 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, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited.

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

The remote e-voting period commences on September 25, 2018 (09.00 am) to September 27, 2018 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 21, 2018, may cast their vote electronically. The e-voting module shall be

disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.

A person who has acquired shares & become a member of the company after the dispatch of notice of AGM & holding shares as of cut-off date, may obtain the login ID & password by sending a request at ktwosys@gmail.com. However, if the person is already registered with the CDSL for remote e-voting then the existing user ID & password can be used for casting vote.

The instructions for shareholders voting electronically are as under:

- i. The shareholders should log on to the e-voting website_ www.evotingindia.com.
- ii. Click on Shareholders.
- iii. 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.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. 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
- vi. 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.

<p>Dividend Bank Details OR Date of Birth (DOB)</p>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
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- vii. After entering these details appropriately, click on “SUBMIT” tab.
 - viii. 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.
 - ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
 - xi. 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.
 - xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - xiii. 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.
 - xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
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- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. 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.

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.

xvii. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.
- 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.

xviii. 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 21.09.2018

19. *CA R. Swarna Kumari, FCA*, Practicing Chartered Accountant, bearing M. Number 231813 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.

23. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment/appointment at the Meeting is given below:

Name of the Director	ALLAM INNA REDDY
Date of Birth	24/08/1988
Date of Appointment	02-04-2018
Expertise in specific functional areas	He has Arts degree from Ambekatar University. He joined management team in 2018 and was in charge of our marketing operations
Qualifications	B.A

K2 systems limited

names of the Listed entities in which the person is holding Directorships or Board Committee Memberships	Nil
Inter se relationship among Directors	NIL

Name of the Director	Mr. Raja Kishore Poppuri
Date of Birth	30-8-1977
Date of Appointment	08-06-2018
Expertise in specific functional areas	He is has experience in production activities
Qualifications	Under graduation
Names of the Listed entities in which the person is holding Directorships or Board Committee Memberships	Nil
Inter se relationship among Directors	NIL

Name of the Director/ K2 systems limited	Mrs. Lalitha Kamatham
Date of Birth	11-12-1953
Date of Appointment	08-06-2018
Expertise in specific functional areas	She has OU. He joined management team in 2018 and experience in mentoring.
Qualifications	MA B.E.D.
Names of the Listed entities in which the person is holding Directorships or Board Committee Memberships	Nil
Inter se relationship among Directors	NIL

For And On Behalf Of the Board K2 Systems Limited
S /D-
ALLAM INNA REDDY
Whole-Time Director (DIN: 08095426)

Place: Hyderabad
Date: 5-9-2018

DIRECTOR'S REPORT

To

The Members,

The Directors have pleasure in presenting before you the 29th Directors Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018. The Company's performance is

Summarised below:

FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2018 has been as under:

Particulars	2017-2018	2016-2017
Turnover/Income (Gross)	8.97	10.78
Profit before Finance charges, Depreciation and Taxation	7.19	9.26
Less: Finance charges (excluding amount capitalized)	--	--
Profit before Depreciation and Taxation	1.79	1.52
Less : Depreciation	-	-
Profit for the year after Depreciation	1.79	1.52
Less : Provision for taxation	0.46	0.41
Less : Deferred tax	0.81	0.13
Profit after Tax	0.52	0.99

1. REVIEW OF OPERATIONS:

During the year under review, the Company has recorded an income of Rs. 8.97 Lakhs and profit of Rs. 0.52 Lakhs as against the income of Rs. 10.78 Lakhs and profit of Rs. 0.99 Lakhs in the previous financial year ending 31.03.2017.

2. 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.

3. 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.

4. TRANSFER TO RESERVES:

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

5. DIVIDEND:

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

6. REVISION OF FINANCIAL STATEMENTS:

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

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

14. 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 is placed at [www. K2sy.com](http://www.K2sy.com).

15. Directors /CEO/CFO and key managerial personnel

During the year Mr. Boga prabhakar , Ms. Boga Sharathdruthi, Mr. Nageshwer Rao, are ceased to be directors and Mr. Akella Venkata Rajesh and Mrs. Sayyeda Shabina Zehra were appointed as additional directors of the company

16. DIRECTOR RETIRING BY ROTATION:

Mr. Allam Inna Reddy (whole time director), Mrs .Lalitha Kamatham , Mr .Raja Kishore Popuri (independent directors) , retires being additional directors at the forthcoming Annual General Meeting and, being eligible, offers themselves for re- appointment.

The Board recommends the re-appointment of Mr. Allam Inna Reddy(whole time director),Mrs .Lalitha Kamatham ,Mr. Raja Kishore Popuri (independent directors) Items seeking your approval on the above are included in the Notice convening the AGM. Brief resume of the director being appointed / re- appointed form part of the Notice of the ensuing AGM

17. 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.

18. 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.

19. 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.

20. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received declarations from, Mr . A.Narashima Sarma, Mrs .Lalitha Kamatham ,Mr. Raja Kishore Popuri 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. The statements on declaration given by independent directors under sub-section (6) of section 149 are enclosed here with

21. 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;
- 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.

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

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

23. STATUTORY AUDITORS:

Ramamoorthy (N) & Co Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The said Auditors have furnished the Certificate of their eligibility for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to appoint them as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the AGM to be held in the year 2020, subject to ratification of their appointment at the subsequent AGMs.

The Auditors' Report is enclosed with the financial statements in this Annual Report.

24. INTERNALAUDITORS:

The company has not appointed internal auditor during the financial year 2017-18

25. SECRETARIALAUDITORS:

The Board had appointed ANAND KUMAR.C.KASAT , Practicing Company Secretaries, Hyderabad, having CP No.17420 to conduct Secretarial Audit for the financial year 2017-18, 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 2017- 18 is enclosed herewith as Annexure A to this Report.

26. 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, 2018 and has noted that the same does not have any reservation, qualification, fraud reporting 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

27. 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:

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

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings : NIL
Foreign Exchange Outgo : NIL

28. 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.

29. 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 Meetings.

30. GOODS AND SERVICES TAX (GST)

The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market.

The transition to GST scenario is a major change process and the Company has established a dedicated team to evaluate the impact analysis and carry out changes to the business process & Software development as per the GST framework.

31. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company has adopted Indian Accounting Standards with effect from 01st April, 2017.

32. INSURANCE:

The properties and assets of your Company are adequately insured.

33. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS: The company has not given loans, Guarantees or made any investments during the year under review.

34. CREDIT & GUARANTEE FACILITIES:

The company has not given loans, Guarantees or Investments

35. 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.

36. 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.

37. DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable for the financial year 2017-18.

38. 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. The company has not allotted any shares to employees under ESOP

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.

39. 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, it is reported that no remuneration is paid to the directors

40. 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.

41. 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 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.

42. VIGIL MECHANISM

The Vigil Mechanism of the Company is governed by significant documents. k2 system code of Business Conduct is available to the directors/employees, who can report to the Company Secretary, on a confidential basis, any practices or actions believed to be inappropriate or illegal under the k2 Code of Business Conduct (“the Code”). The Code provides for adequate safeguards against victimization of directors/employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

43. 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: 14.05.2018

S/D-

Mr .Akella Venkata Rajeesh Non Executive Director (Din:07398185)

S/D-

Allam Inna Reddy Whole-Time Director (Din:08095426)

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, 2018.

For and on Behalf of the Board K2
Systems Limited

S/d-

Allam Inna Reddy Whole-Time Director
(DIN: 08095426)

S/d-

AKELLA VENKATA RAJESH NON
EXCUTIVE DIRECTOR DIN ; 07398185

Place: Hyderabad Date:
14.05.2018

REPORT ON 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

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

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has 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
-

5. “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

6. 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.

7. 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, 2018, the Company's Board comprised of four Directors, including one woman Director. There are two 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.

8. NUMBER OF BOARD MEETINGS:

The Board of Directors met four (3) times during the financial year, on 26 May 2017, 14 August 2017, 1 September 2017 and 13 November 2017. 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.

9. ATTENDANCE AND DIRECTORSHIPS HELD:

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

Table-1								
Name Of Director	Relationship With Other Directors	Category	No. Of Meetings Held	No. Of Meetings Attended	Whether Attended Last AGM	No. Of Outside Directorships Of Public Companies	No. Of Committees	No. Of Chairmanships
Mr .A. Narsimha Sarma	Father of Mr .Akella Venkata Rajesh	P & E D	4	4	Yes	-	-	-
Mr .Akella Venkata Rajesh	Son of Mr .A. Narsimha Sarma	P & NED	4	2	No	-	-	-
Mr. Allam Inna Reddy	None	ID& NED	4	-	No	-	-	-
Mr . Raja Kishore Popuri	None	ID& NED	4	-	No	-	-	-
Mrs .Lalitha Kamatham	None	ID& NED	4	-	No	-	-	-
Mr Boga prabhakar	None	ID& NED	4	4	Yes	-	-	-
Mr.K.R. Srinivas Rao	None	ID& NED	4	4	Yes	-	-	-
Mr.B.Nageshwer Rao	None	ID& NED	4	3	Yes	-	-	-

10. 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 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.

11. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarize 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

12. 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:

13. AUDIT COMMITTEE: (Audit Committee constituted in terms of sec. 177 of Companies Act, 2013 read with reg. 18 of SEBI (LODR) Regulations, 2015)

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
- 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 31, August 25, and November 20, in 2017 and February 17 in 2018.

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr B. Nagaeshwar Rao	Chairman	NED (I)	4	2
Mr.A. Narasimha Sarma	Member	NED (I)	4	4

NED (I) : Non Executive Independent Director

14. NOMINATION AND REMUNERATION COMMITTEE: (Committee constituted in terms of sec. 178 of Companies Act, 2013 read with reg. 19 of SEBI (LODR) Regulations, 2015)

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:

There was no Nomination and Remuneration Committee Meetings held during the financial 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)	--	--
Mrs sayyeda shabina zehra	Member	NED (I)	--	--

NED (I) : Non Executive Independent Director

15. 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.

The proposed appointee shall also fulfill 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;
 - 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** 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.

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.

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

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.

A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

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.

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.

16. . STAKEHOLDER'S RELATIONSHIP COMMITTEE: (Committee constituted in terms of Sec. 178 of Companies Act, 2013 read with reg. 20 of SEBI (LODR) Regulations, 2015)

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.

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 28, August 13, and November 12 in 2016 and February 13 in 2017.

Name	Designation	Category	No. of meetings held	No. of meeting attended
MR B.Nageshwar rao	Chairman	NED (I)	4	2
MR.A. NARASIMHA SARMA	Member	NED (I)	4	4
Mrs sayyeda shabina zehra	Member	NED (I)	4	2

NED (I) : Non Executive Independent Director

17. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Akella Narasimha Sarma
403 Ph- 1, Amrith Apts,
Kapadia Lane, Somajiguda, Hyderabad 500082

18. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2016-17:

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	-
Number of complaints resolved	-
Number of complaints not resolved to the satisfaction of the investors as on March 31, 2018	-
Complaints pending as on March 31, 2018	-
Number of Share transfers pending for approval, as on March 31, 2018	-

19. 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

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.

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.

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

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

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.

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 2017-18 AND OTHER DISCLOSURES:

Name Of The Director	Salary(Rs)	Sitting Fees (Rs)	Number Of Shares Held	Service Contracts	Stock Option Details	Fixed Component	Performanc e Based Incentive
Mr. Boga Prabhakar	--	--	--	--	--	--	--
Mr .B Nageshwar Rao	--	--	--	--	--	--	--
Mrs . Boga Sharathruthi	--	--	--	--	--	--	--
Mrs .K.R,	--	--	--	--	--	--	--

Srinivas Rao							
Mr. A. Narasimha Sarma	--	-	31010	--	--	--	--
Mr . A. venkata rajesh	-	-	-	-	-	-	-
Mrs sayyeda shabina zehra	-	-	-	-	-	-	-

20. 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 17.02.2018, to discuss: Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;

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).

21. 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.

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 andReferences:

“Director” means a director appointed to the Board of a Company.

“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.

“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:

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 andReference:

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

“Director” means a director appointed to the Board of the company.

“key managerial personnel” means

The Chief Executive Office or the managing director or the manager;

The company secretary;

The whole-time director;

The chief finance Officer; and

Such other office as may be prescribed under the companies Act, 2013

“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.

22. 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 17.02.2018 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 A.N sharma
- II. Mr .Akella Venkata Rajesh

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 Technology.

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

- 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.
-

23. RISK MANAGEMENT COMMITTEE**A.) COMPOSITION:**

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr .A.N Sharma	Chairperson	NED(I)
Mr .Akella Venkata Rajesh	Member	NED(I)
Mr . 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
- 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.

24. DETAILS ON GENERAL BODY MEETINGS:**A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THEREAT AS UNDER:**

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2016-17	27.09.2017	11.30 A.M	Regd. Off. H. No. 10-4- 1/a/8, Flat No. G-3, Ramakrishna Nagar, Srilaxmi Nlayam,	No Special / Ordinary Resolution Auditor appointment

			Lower Masab Tank, Hyderabad – 500028	
2015-16	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	No Special / Ordinary Resolution

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2014-15	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	Amendments of articles of association

25. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2017-18.

26. 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

27. GENERAL SHAREHOLDER INFORMATION:

A. ANNUAL GENERAL MEETING:

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

Day	Friday
Date	28th September, 2018
Time	09.00 A.M
Venue	Plot No. 160, Patni Nagar, SP Road, Secunderabad, Hyderabad, Telangana-500003

B. FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2018-19 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

Financial Year	2018-19
First Quarterly Results	14.08.2018
Second Quarterly Results	14.11.2018

Third Quarterly Results	14.02.2019
Fourth Quarterly Results	30.05.2019
Annual General Meeting for year ending 31st March,2019	30.09.2019

C. DIVIDEND PAYMENT DATE: No Dividend was declared during the Financial Year 2017-18.

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.

I. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2018:

Holding	Number of Shareholders	%	Number of Shares	%
1 – 5000	3546	99.55	195178	49.53
5001 – 10000	8	0.22	55357	14.05
10001 – 20000	7	0.22	103387	26.25
20001 – 30000	-	-	-	-
30001 – 40000	-	-	-	-
40001 – 50000	1	0.01	40078	10.17
50001 – 100000	-	-	-	-
100001 and above	-	-	-	-

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, 2018 is as follows:

Particulars	No. of Shares	% Share Capital
NSDL	1,73,616	44.06
CDSL	33.324	8.46
PHYSICAL	1,87,060	47.48
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, PAN numbers and e-mail IDs with respective depository participants.

K. ADDRESS FOR CORRESPONDANCE:

Mr Allam Inna Reddy
Address: Plot No. 160,
Patni Nagar, SP Road, Secunderabad,
Telangana-500003

e-mail ID- allaminnareddy143@gmail.com

L. 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 21.09.2018 to 28.09.2018 (both days inclusive).

M. ELECTRONIC CONNECTIVITY:

Demat ISIN Number: INE441B01024

N. NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World,
Kamala Mills Compound Senapati Bapat Marg,
Lower Parel Mumbai-400013.

O. CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

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

P. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2018:

		No of shares held	% of shareholding
A	Promoter's holding ;		
1.	Indian :		
	Individual	23915	6.07
	Bodies corporate		
2.	Foreign	-	-
	Individual	-	-
	Sub-total -A	23915	6.07
B.	Public share holding		
1.	Institutions		
2.	Non institution :		
	a. Bodies corporate	4571	1.16
	b. Indian public and others	350128	88.86
	c. Trust	50	0.013
	d. Clearing member	1480	0.38
	e. NRI	13856	3.52
	Sub-total (B)	370085	93.93
	Grand total	394000	100

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 2017-18.

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), IFSC code.

- **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, 2013, to the Company's Registrar and Share Transfer Agent.

For and on Behalf of the Board K2 Systems Limited

S/d-

S/D-

Place: Hyderabad Date:
14.05.2018

AKELLA VENKATA RAJESH
NON EXECUTIVE DIRECTOR
(DIN ; 07398185

M. ALLAM INNA RDDY Whole-
Time Director (DIN:08095426)

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

India has once again entered the spotlight. With the government pushing for smart cities, there will be a greater demand for solutions to make homes, commercial complexes, industries and cities smarter. Initiatives by the government like “Make in India” and “Digital India”, skill India , amongst others, will further boost interest in India as it gives a fillip to the manufacturing sector. FUTURE READY: Laying the groundwork for long-term growth. Standard is looking to tap new markets in India by launching superior and innovative products and entering new segments to boost business.

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 7.5% in 2017, global IT sourcing grew at almost double this rate to record 14.5% growth in 2017, according to 'Strategic Review Report 2017' 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, 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. India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India.

Export revenue of the industry is expected to grow 7-9 per cent year-on-year to US\$ 135-137 billion in FY19.

- 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.

8.97 Lakhs and made a net profit of Rs. 0.52 Lakhs against revenue of Rs. 10.78 Lakhs and net profit of Rs. 0.99 Lakhs in the previous financial year 2016-17. The company is engaged in the business of IT Services, which as per Ind AS 108 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. RISKS AND CONCERNS:

The issues involved have been covered in some detail elsewhere in the report. In an overall sense, the risk perceptions are not of threatening dimensions to considering the fact that has long and proven track record of successful product development, the K2 Systems Limited industry segments targeted promise substantial business opportunities and the Company has a management team of committed and competent people.

7. HUMAN RESOURCES:

Conscious strengthening of Human Resources is taking place both in the technical and management cadres of the Company. Availability of experienced people with proven track records in different fields is bound to help the Company's operations in the long term perspective

MGT 9

Extract of Annual Return

As on the Financial Year 31.03.2018

[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 Nilayam , Lower Masab Tank , Hyderabad-500028 ktwosys@gmail.com

vi.	Whether listed company /not	YES	
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt. Ltd. 300, 3rd Floor, Right Wing, Amrutha Villa, Opp. Yashoda Hospital, Rajbhavan Road , Somajiguda, Hyderabad - 500082, Telangana	
Total			
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 customized 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) Category-wise Share Holding;-			
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

K2 systems limited

2. Non Institutions									
a) Bodies Corp (Indian)	6691	0	6691	1.71	4571	0	4571	1.1602	(46.4)
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	145005	163155	308160	78.213	146905	163145	310050	78.6929	0.4797
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	39878	-	39878	10.123	40078	-	40078	10.1721	0.05

c) Others (specify)	-	-	-	-	-	-	-	-	--
Trust	20	0	20	0.01	50	0	50	0.012	150
Clearing Member	1480	0	1480	0.38	1480	0	1480	0.38	0.00
NRI	13856	0	13856	3.52	13856	0	13856	3.52	0.00

Sub-total (B)(2):-	20693 0	16315 5	37008 5	93.9 3	20694 0	163145	370085	93.93	0.000 01
Total Public Shareholding (B)=(B)(1) +(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	20693 0	18707 0	39400 0	100. 00	20694 0	187060	394000	100	0.00

(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	
1.	K Shaila Sri	15,750	0	15,750	4.00	15,750	0	15,750	4.00	
2.	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): There is no change in promoter shareholding during the financial year 2016-17

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	12449	3.16	12449	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
8	K Deepti Reddy	6750	1.71	6750	1.71
9	Vijay Kumbham	13856	3.52	13856	3.52
10.	Nagesh Rao	5102	1.30	5102	1.30

	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:					
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Akkela Narasimha Sarma	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	31010	7.87	31010	7.87
	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	31010	7.87	31010	7.87

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				
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)				

K2 systems limited

Change in Indebtedness during the financial year Addition Reduction		--	--	--		
Net Change		--	--	--		
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due						
Total (i+ii+iii)		-	-	-		
Remuniration to directors /key manegerial persons						
Remuniration to managing director , whole-time Directors and/or Manager:						
Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 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 (A)					
7.	Ceiling as per the Act	--	--	--	--	--

B. Remuneration to other directors: Not Applicable			
Sl. no.	Particulars of Remuneration	Name of Director	Total Amount
	Total (2)		
	Total (B)=(1+2)		
1	Total Managerial Remuneration 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	-	-
		-	-
		-	-
		-	-
		-	-
	Overall Ceiling as per the Act	-	-

C. REMUNERATION					
TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: <i>Not Applicable</i>					
Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total

1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 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	--	--	--	--	--

K2 systems limited

Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

For and on Behalf of the Board K2 Systems Limited

Place: Hyderabad Date: 14.05.2018
 S/d- Akella Narshima Sarma
 Independent Director
 (Din; 01582638)

S/D- Allam Inna Reddy Whole-
 Time Director (Din:
 08095426)

FORM MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAAAAR ENDED ON MARCH 31,2018**

(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, 2018

To
The Members of
M/s. K2 Systems Limited

I 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"). Secretarial 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, I, hereby report that in our opinion, the company has, during audit period covering financial year ended on 31st march 2018, 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:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. K2 Systems Limited ("The Company") and made available to us for the financial year ended on 31st March, 2018, according to the provisions of:

- i. The Companies Act, 2013 (the Act) And Rules Made There under;
-

- 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.
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) (during the period under audit there was no transaction pertaining to overseas Direct Investment and External Commercial Borrowing)
- v. The Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (prohibition of insider trading) regulations 2015
 - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the company during audit period)
 - d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the company during audit period)
 - e) 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;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during audit period)
 - g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(Not Applicable to the company during audit period)
 - h) The Securities and Exchange Board of India(issue of capital and disclosure requirements)regulations 2009
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I, have also examined compliance with the applicable clauses of secretarial standards issued by the Institute of Company Secretaries of India

During the period under review, the company has complied with the provisions of the act rules, regulations ,guidelines, standards, etc..., mentioned above subject to the following observations:

- There was delay in filing of forms with the register of companies ,in certain cases.

I, further report that, having regard to the compliance system prevailing in the company and on examination the relevant documents and records in pursuance thereof on test-check basis, the company has complied the following laws applicable specifically to the company:

In this regard I have relied on the Management Representation made by the Managing Director for systems and mechanism formed by the Company to ensure the compliances under other applicable acts, laws, regulations which are listed below :-

- a) Information Technologies Act 2000
- b) Software Technology Park of India Rules and Regulations
- c) Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC ,Compensation etc.,
- d) Clearance from Various Local Authorities.

I, further report that

The board of directors of the company is duly constituted with proper balance of executive directors, Non executive directors and independent directors. There was no change in to composition of board of directors during the period under review

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notices on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the chairman, the decisions of the board are unanimous and there were no dissenting views to be recorded as such.

We further report that

- There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- During the audit period ,there were no such specific events/actions having a major bearings on the company's affairs in pursuance of the above laws , rules ,regulations ,guidelines, standards ,et.;

Sd/-

ANAND KUMAR .C.KASAT

Practicing Company Secretary

C. P. No: 17420

M No: 4207

Place: Hyderabad Date:

28.05.2018

ANNEXTURE -A

To
The Members
K2 Systems Limited Plot No. 160,
Patni Nagar, SP Road, Secunderabad,
Telangana-500003

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

Management responsibility

1. It is the responsibility of the management of the company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's responsibility

2. My responsibility is to express an opinion on these secretarial records , standards and procedures followed by the company with secretarial compliances.
3. I, believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.

Whenever required , I, have obtained the managements representation about the compliance of laws ,rules and regulations and happening of events etc.

Disclaimer

5. The secretarial audit report is neither an assurance as to the further viability of the company nor of the efficacy effectiveness with which management has conducted the Affairs of the company

Sd/

NAND KUMAR .C.KASAT

Practicing Company Secretary

C. P.No:17420

Form No MGT -8

Pursuant to section 92(2) of the companies act and rules 11(2) of companies (management and administration) Rules 2014

I have examined the registers, records and books and papers of M/s k2 systems limited Limited("the Company") as required to be maintained under the Companies Act, 2013 ("the Act") and the rules made thereunder for the financial year ended on march 31 , 2018. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that:

(A) The Annual Return states the facts as at the close of the aforesaid financial year correctly and adequately.

(B) During the aforesaid financial year the Company has complied with provisions of the Act & Rules made there under in respect of:

- 1) Its status under the Act;
- 2) Maintenance of registers/records & making entries therein within the time prescribed therefor;

- 3) Filing of forms and returns with the Registrar of Companies with in the prescribed time.

However in few instances, the forms were filed beyond the prescribed time and due to inadvertence, as informed by the company.

- 4) Calling/ convening/ holding meetings of Board of Directors , or its committees if any, and the meetings of the members of the company on due dates as stated in the annual return in respect of which meetings, proper notices were given and the proceedings, have been properly recorded in the Minute Book/registers maintained for the purpose and the same have been signed;
- 5) Closure of Register of Members.
- 6) Signing of audited financial statement as per the provisions of section 134 of the Act and report of directors is as per sub – sections (3), (4) and (5) thereof for the FY ended 31st march ,2018\
- 7) Constitution/ appointment/ re-appointments/ retirement/ filling up casual vacancies/ disclosures of the Directors, Key Managerial Personnel and the remuneration paid to them;
- 8) Reappointment of auditors as per the provisions of section 139 of the Act;(the appointment of auditors is ratified by the members in the AGM held on 27.09.2017)

Sd/-

NAND KUMAR .C.KASAT
Practicing Company Secretary
CP.No:17420
M.No:42078
PLACE :HYDERABAD
DATE 06.06.2018

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 up to 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.

Date: 07.06.2018

Place: Hyderabad

Yours Faithfully,

Mrs Lalitha Kamatham

DIN: 08142853

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 up to 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.

Date: 8.06.2018
Place: Hyderabad

Yours Faithfully,

Mr.Raja Kishore Popuri
DIN: 08146001

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 up to 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.
Date: 28.05.2018
Place: Hyderabad

Yours Faithfully,
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 Ind AS financial statements of K2 SYSTEMS LIMITED("the Company"), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss, including the statement of other comprehensive income , the cash flow statement and the statement of changes in equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the companies(Indian accounting standards) rules 2015 as amended. 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 Ind AS 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 Ind AS 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 there under. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the the Ind AS 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 2018 and the statement of profit and loss ,including the statement of other comprehensive income , the cash flow statement and the statement of changes in equity for the year 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
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the Act, we give in the Annexure 1 statement on the matters specified in the paragraph 3 and 4 of the Order

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 and statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, companies (Indian accounting standards) rules 2015 as amended
- e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate annexure 2 to this report
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and per the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – refer note 4, 27 and 43(ii) to the Ind AS financial statements;
 - ii. The company has made provisions, as required under the applicable law or accounting standards for material foreseeable losses, on long term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other matters

The comparative financial information of the company for the year ended march 2018 and the transition date opening balance sheet as at April, 2017 prepared in accordance with Ind AS included in these Ind AS financial statements , have been audited by the predecessor auditor who had audited the financial statements of the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated April 20, 2017 expressed an unmodified opinion

For M M REDDY & CO.,
Chartered Accountants Firm Registration No.010371S
M Madhusudhana Reddy Partner
Membership No.213077

Place: Hyderabad
Date: 14 .05.2018

Annexure-1 to the Auditors' Report

The Annexure-1 referred to in paragraph 1 of the section on “report on other legal and regulatory requirements of our report even date

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this program, 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
 - ii. The company does not have inventories during the financial year.
 - iii. According to the information and explanations given to us, the company has not granted any loans ,secure or unsecured to companies ,firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the companies act 2013 accordingly , the provisions of clause 3(iii)(a), (b) and (c) of the order are not applicable to the company and hence not commented upon
 - iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which the provisions of Section 185 and 186 of the Companies Act, 2013, are applicable and hence not commented upon.
-

- v. The Company has not accepted any deposits from the public.
 - vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 148(1) of the companies Act 2013, related to manufacture of company's products and generation of electrical energy and are of the opinion that prima facie , the specified accounts and records have been made and maintained . we have not ,however , made a detailed examination of the same
 - vii. a. According to the information and explanation 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 though there has been a slight delay in few cases

b. According to the information and explanations given to us, there are no undisputed amounts payable I respect of provident fund ,employees state insurance ,income tax ,service tax ,sales tax , customs duty ,excise duty ,value added tax ,cess and other material statutory dues were outstanding ,at the yearend for a period of more than six months from the date they became payable.
 - viii. In our opinion and according to the information provided by the management the company has not defaulted in repayment of loans or borrowings to the bank and debenture holders .The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
 - ix. According to the information and explanations given by the management .The company did not raise any money by way of initial public offer or further public offer or debt instruments further, term loans were applied for the purpose for which the loans were obtained
 - x. Based on audit procedures performed for reporting true and fair view of financial statements and according to the information and explanations given by management to us, no material fraud on or by the Company has been
-

noticed or reported by officers and employees of the company during the course of our audit.

- xi. According to the information and explanations given by the management. The company has paid/ provided managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
 - xii. In our opinion, 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.
 - xiii. Based on audit procedures performed for reporting true and fair view of financial statements and according to the information and explanations given by management to us The company has entered transactions with the related parties and compliance 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. According to information and explanations given to us and based on our examinations of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture's during the year under review. Accordingly the provisions of Clause 3(xiv) of order not applicable to the company.
-

- xiv. According to the information and explanations given by the management The company has not entered into any non-cash transactions with directors or persons connected with him. As referred to in section 192 of companies act 2013
- xv. According to the information and explanations given by the management The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.M REDDY & CO.,

Chartered Accountants Firm Registration No.01037

Madhusudhana Reddy
Partner Membership
No.213077

Place: Hyderabad
Date: 14.05.2018M

ANNEXURE 2 REFERRED TO NIN PARAGRAPH 2(F) OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of K 2 SYSTEMS LIMITED (“the Company”) as of March 31, 2018, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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

Place: Hyderabad
Date: 14.05.2018

M MadhusudhanaReddy
Partner
Membership
No.213077

K2 SYSTEMS LIMITED
BALANCESHEET AS AT 31.03.2018

(all amounts are in Indian rupees except for share data or otherwise)

PARTICULARS	NOTE	AS AT MARCH,2018	AS AT MARCH,2017
ASSETS			
NON CURRENT ASSETS			
Property ,plant and equipment	3A	0.00	0.00
Capital work in progress	3B	0.00	0.00
Other intangible assets	4	0.00	0.00
Financial assets			
Investments in subsidires /associate etc.,at cost	5	0.00	0.00
Loans	6	0.00	0.00
Other financial assets	7	0.00	0.00
Other non-current assets	9	290035	0.00
TOTAL NON CURRENT ASSETS		290035	0.00
2.CURRENT ASSETS			
Inventories	10	0.00	0.00
Fixed assets			
Trade receivables	11	0.00	381321
Cash and cash equivalents	12	48959	31082
Bank balances other than (ii)above	13	0.00	0.00
Loans			
Other financial assets	6	0.00	0.00
Current tax assets (Net)	7	0.00	0.00
Other current assets	8	-46000	40548
	9	0.00	0.00
TOTAL CURRENT ASSETS		2959	452951
TOTAL ASSETS		292994	452951
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	3940000	3940000
Other equity	15	-5308173	-5359729
Total equity		-1368173	-1419729
Liabilities			
1.Non current liabilities			

Financial liabilities			
Borrowings	16	0.00	0.00
Other financial liabilities	17	0.00	0.00
Provisions			
Deferred tax liabilities (net)	18	0.00	0.00
Government grants	19	0.00	0.00
	20	0.00	0.00
Total non-current liabilities		0.00	0.00
Current liabilities			
Financial liabilities			
Borrowings	21	0.00	0.00
Trade payables	22		
(A)micro, small, medium enterprises		-	0.00
(B)other than MSMEs			
other financial liabilities			
Other current liabilities		1534626	1705139
Government grants	23	0.00	0.00
Provisions	24	126541	167541
	20	0.00	0.00
	18	0.00	0.00
Total current liabilities		1664167	1872680
Total liabilities		292994	452951
Total equity and liabilities			
Corporate information and significant accounting polices	1&2	-1075179	-966778

For MM REDDY AND CO
FRN: 010371S
Chartered Accountants
M.Madhusudhana Reddy
Partner

Place : Hyderabad
Date : 14.05.2018
Membership No. 213077

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

Sd/-
Akella venkata rajesh
Director

Sd/-
Akella narasimha sarma
Director

Profit and Loss Account for the year ended 31.03.2018

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

PARTICULARS	NOTE	AS AT MARCH 31,2018		AS AT MARCH31,2017	
INCOME					
REVENUE FROM OPERATIONS					
Sale of products(including subsidy)		0.00 591552		0.00 0.00	
Sale of services	25	306000	8975520	1078520	1078520
Other operating revenues			0.00		0.00
Other income	26				
TOTAL			897552		1078520
Expenses					
Cost of materials consumed	27		0.00		0.00
Purchase of stock in trade	28		0.00		0.00
Changes in inventories of finished goods ,stock-in – trade and work in progress	29		0.00		0.00
Power and fuel			0.00		0.00
Employee benefits expense	30		262000		531000
Finance cost	31		1537		975
Depreciation and amortization			0.00		0.00
Expense excise duty			0.00		0.00
Other expenses	32		455187		394204
TOTAL			718724		926179
Loss before exceptional items and tax			178828		152341
Exceptional items			0.00		0.00
Loss before tax			178828		152341
Tax expense					
a) Current tax			46000		40724

b) Adjustments relating to earlier years					
c) Deferred tax			81872		12582
Loss after tax			51556		99035
Other comprehensive income NIL			0.00		0.00
Total other comprehensive income ,net of tax			0.00		0.00
Total comprehensive income			51556		99035
Earnings per equity share of face value of rs 1/-each Basic and diluted			0.13		0.25
Corporate information and significant accounting polices					

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

Akella Venkata rajesh
Director

Sd/-

Akella Narasimha Sarma
Director

For MM REDDY AND CO
FRN No : 010371S
Chartered Accountants

M. Madhusudhana Reddy Partner
Membership No. 213077
Place : Hyderabad
Date : 14.05.2018

NOTES TO ACCOUNTS

5. Investment in subsidiaries /associate –unquoted (at cost)

Particulars	31-03-2018		31-3-2017	
NIL	-	-	-	-

6. LOANS

PARTICULARS	NON-CURRENT		CURRENT	
	March - 31- 2018	March- 31- 2017	March - 31- 2018	March - 31- 2017
Loans		-	-	-
(unsecured ,considered good)	-	-	-	-
Security deposits	-	-	-	-
Loans to related parties	-	-	-	-
Loans to employees		-	-	-
Loans		-	-	-
(unsecured, considered doubtful)	-	-	-	-
Loans to related parties	-	-	-	-
Less ;provision for doubtful advances				

	-	-	-	-
TOTAL	-	-	-	-

7. other financial assets

PARTICULARS	NON-CURRENT		CURRENT	
	March - 31- 2018	March- 31- 2017	March - 31- 2018	March - 31- 2017
Margin money deposit with more than 12 months of original maturity	-	-	-	-
Interest accrued on deposits and advances	-	-	-	-
Unbilled revenue	-	-	-	-
Claims receivable	-	-	-	-
TOTAL	-	-	-	-

8. CURRENT TAX ASSETS (net)

PARTICULARS	31-MAR-18	31-MAR-17
CURRENT TAX ASSETS		
Advance income tax	-	-
CURRENT TAX LIABILITY		
Deffered tax liability	-	-81272
Provision for income tax	46000	40724
Total (net)	-46000	40548

9. OTHER ASSETS;

PARTICULARS	NON-CURRENT		CURRENT	
	March -31-2018	March-31-2017	March -31-2018	March -31-2017
Capital advances				
Secured (considered good)	-	-	-	-
Unsecured (considered good)	290035	-	-	-
Unsecured (considered doubtful)	-	-	-	-
Less; provision for doubtful advances				
	290035	-	-	-
Total (A)	290035	-	-	-
Advances recoverable in cash or in kind				
Unsecured (considered good)	-	-	-	-
Unsecured (considered doubtful)	-	-	-	-
Less; provision for doubtful advances	-	-	-	-
	-	-	-	-
Total (B)	-	-	-	-
Prepaid expenses	-	-	-	-
Gratuity fund –excess of plan assets over liability	-	-	-	-
Balance with customs authorities	-	-	-	-
TOTAL –(C)	-	-	-	-
TOTAL –(A+B+C)	290035	-	-	-

10. INVENTORIES

PARTICULARS	31-MAR-2018	31-MAR-2017
Raw materials	-	-
Work in process	-	-
Finished goods –manufactured goods	-	-
Stock in transit- manufactured goods	-	-
Traded goods	-	-
Stock in trade - Traded goods	-	-
Packing materials	-	-
Stores and spares	-	-
Loose tools	-	-
	-	-

11. TRADE RECEIVABLES (unsecured)

PARTICULARS	31-MAR-2018	31-MAR-2017
Debts outstanding		
Considered good	-	381321
Considered doubtful	-	-
Less; provision for doubt full debts	-	381321
Total	-	381321

12. CASH AND CASH EQUIVALENTS ;

PARTICULARS	31-MAR-2018	31-MAR-2017
Balances with bank		
In current accounts		
Unclaimed dividend -earmarked accounts	-	-
Others	6251	16840
Cheques drafts on hand	-	-
Cash on hand	42708	14242
TOTAL	48959	31082

13. Other Bank balances ;

PARTICULARS	31-MAR-18	31-MAR-17
Earmarked balances with bank		
Interim balances	-	-
In deposit accounts		
Margin money deposits	-	-
Total	-	-

14. SHARE CAPITAL

PARTICULARS	31-MAR-18		31-MAR-17	
	No of shares	Rs	No of shares	Rs
Authorized				
Equity shares of 10/- each	500000	5000000	500000	5000000
Preference shares of 10/-each	-	-	-	-
Total		5000000		5000000
Issued ,subscribed and paid up				
Equity shares of 10/- each	394000	3940000	394000	3940000

14.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

PARTICULARS	31-MAR-18		31-MAR-17	
	No of shares	Rs	No of shares	Rs
Equity shares of 10/- each				
Balance at the beginning of the year	394000	3940000	394000	3940000
Add ; on allotment during the year	-	-	-	-
Balance at the end of the year		3940000		3940000

15. Other equity

PARTICULARS	31-MAR-2018	31-MAR-2017
RETAINED EARNINGS		
Opening balance	-5353729	-5458764
Add; profit after tax for the year	51556	99035
Items of other comprehensive income directly recognized in re-measurement of post employment benefit obligations ,net of closing balance	-	-
TOTAL	-5308173	-5359729

16. Borrowings

PARTICULARS	NON-CURRENT		CURRENT	
	March -31-2018	March-31-2017	March -31-2018	March -31-2017
NIL	-	-	-	-

17. OTHER FINANCIAL LIABILITES (non current)

PARTICULARS	31-MAR-2018	31-MAR-2017
Deposits from dealers	-	-
Other deposits –(retention ,EMD etc .)	-	-
TOTAL	-	-

18. Provisions ;

PARTICULARS	NON-CURRENT		CURRENT	
	March -31-2018	March-31-2017	March -31-2018	March -31-2017
Provision for employee benefits –for leave benefit 709.56(net of plan assets)	-	-	-	-
TOTAL	-	-	-	-

19. Deferred tax liabilities (net)

Deferred tax liability as at the year end comprises the following ;

PARTICULARS	Nature	31-MAR-2018	31-MAR-2017
On account of –			
Depreciation /amortization (refer note 42B(c))	Liability	-	-
Land (refer note 42B(c))	Liability	-	-
Employee benefit provision	Asset	-	-
Unabsorbed loss and depreciation under tax laws	Asset	-	-
Disallowances u/s 43B of income tax act	Asset	-	-
Amalgamation expenses	Asset	-	-
Government grant	Asset	-	-
Total net liability		-	-
Charge /credit for the year	-	-	-

20. Government grants;

PARTICULARS	NON-CURRENT		CURRENT	
	March -31-2018	March-31-2017	March -31-2018	March -31-2017
Government grants related to Sales tax deferral (refer note 42B(b))	-	-	-	-
Loan from DBT				
TOTAL	-	-	-	-

21. BORROWINGS(Current)

PARTICULARS	31-MAR-2018	31-MAR-2017
Loans repayable on demand secured From banks; In rupees-cash credit	-	-
In rupees-short term loan	-	-
In foreign currency –suppliers /buyers credit	-	-
TOTAL	-	-

22. TRADE PAYABLES

PARTICULARS	31-MAR-2018	31-MAR-2017
Trade payables –other than acceptances Micro, small, medium enterprises (MSMEs) Other than MSMEs	1534626 -	1705139 -
TOTAL	1534626	1705139
PARTICULARS	31-MAR-2018	31-MAR-2017
Principal amount remaining unpaid	NILL	NILL
Interest due thereon	NILL	NILL
Interest paid by company in terms of section 16 of micro , small, medium enterprises development act ,2006, along with the amount of the payment	NILL	NILL
Interest due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under micro, small and medium enterprises	NILL	NILL
Interest accrued and remaining unpaid	NILL	NILL

Further interest remaining due and payable even in then succeeding years , until such date when interest dues as above are actually due	NILL	NILL
---	------	------

23. Other financial liabilities (current)

PARTICULARS	31-MAR-2018	31-MAR-2017
Financial liabilities at fair value t6through profit or loss		
Derivative liability –foreign exchange forward contracts	-	-
Financial derivatives at amortized cost		
Current maturities of long term debt	-	-
Interest accrued but not due	-	-
Interest accrued and due	-	-
Unclaimed dividends	-	-
Overdue term loans	-	-
Unpaid matured portion of debentures and interest accrued thereon	-	-
Other payables		
Deposits	-	-
Others	-	-
Payable on purchase of fixed assets	-	-
TOTAL	-	-

24. Other current liabilities

PARTICULARS	31-MAR-2018	31-MAR-2017
Other payables	126541	167541
Total	126541	167541

25. Revenue from operations

PARTICULARS	31-MAR-2018	31-MAR-2017
Sales , including subsidy on products manufactured goods	-	-

Total (A)	-	-
Traded goods	-	-
Total (B)	-	-
Sale of products	-	-
Total (A+B)	-	-
Sale of services	591552	-
Other operating revenues (sale of scrap, etc)	306000	1078520
Total	897552	1078520

26. Other income

PARTICULARS	31-MAR-2018	31-MAR-2017
Intrest on bank deposits and others	-	-
Government grants	-	-
Grant in aid	-	-
Other operating income (Refer Note 26.1)	-	-
Total	-	-

27. cost of material consumed

PARTICULARS	31-MAR-2018	31-MAR-2017
Total	-	-

28. purchase of stock in trade

PARTICULARS	31-MAR-2018	31-MAR-2017
Total	-	-

*refer note 42B(d)

29. changes in inventories of finished goods ,stock in trade and work in progress

PARTICULARS	31-MAR-2018	31-MAR-2017
Inventories at the beginning of the year		
Traded goods	-	-
Finished goods	-	-
Work in progress	-	-
Total -(A)	-	-
Inventories at the end of the year		
Traded goods	-	-
Finished goods	-	-
Work in progress	-	-
Total -(B)	-	-
Total (A+B)	-	-

30. employee benefits expense

PARTICULARS	31-MAR-2018	31-MAR-2017
Salaries and wages	262000	531000
Contribution to provident and other funds	-	-
Staff welfare expenses	-	-
Total	262000	531000

31. finance cost ;

PARTICULARS	31-MAR-2018	31-MAR-2017
Intrest	-	-
Borrowing costs		
Lc charges	-	-
Others	1537	975
Total	1537	975

3B.capital work in progress

	Gross block (at cost)				Depreciation				Net block	
particulars	As at march 31 2017	Additions during the year	Transfer to tangible asset/disposals	As at march 31,2 018	Upto march 31,2 017	For the year	Deductions/adjustments	Upto march 31,2 018	As at march 31,2 018	As at march 31,2 017
Tangible assets NIL	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

4. Other tangible assets

	Gross block (at cost)				Depreciation				Net block	
particulars	As at march 31 2017	Additions during the year	Deductions/adjustments during the year	As at march 31,2 018	Upto march 31,2 017	For the year	Deductions/adjustments	Upto march 31,2 018	As at march 31,2 018	As at march 31,2 017

Trade marks & services	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

1. Equity share capital

Particulars	No	RS
Equity shares of 10 each issued , subscribed and fully paid		
At april ,2016	394000	3940000
Issue of share capital	-	-
At march 31,2017	394000	3940000
Issue of share capital	-	-
At march 31,2018	394000	3940000

2. Other equity

Particulars	Reserve & surplus					Total
	Capital reserve	Security premium reserve	Debenture redemption reserve	General reserve	Retained earnings	
As At april 01 ,2016					-5458764	-5458764
Profit for the year	-	-	-	-	99035	99035
Other comprehensive income					-	
Total comprehensive	-	-	-	-	99035	99035

income						
As At march 31,2017					-5359729	-5359729
Profit for the year	-	-	-	-	51556	51556
Other comprehensive income					-	-
Total comprehensive income	-	-	-	-	51556	51556
At march 31,2018	-	-	-	-	-5038173	-5308173

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

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

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
CASH FLOW FROM OPERATING ACTIVITIES Net		
Profit / Loss before tax and extraordinary item	178828	152,341
Adjustments for:		
Depreciation	-	-
Interest paid	-	-
Other Income	-	-
Misc Exp. Written off	-	-
Operating Profit before Working Capital Changes	178828	152341
Adjustments for:		
Decrease in Trade Receivables	381321	34500
Increase in Loans & Advances	-	-
Decrease in other current liabilities	(41000)	-
Decrease in Sundry Creditors	(17513)	(640620)
Cash Generated From Operations:	348636	(606120)
Tax paid	(19795)	13712

Net cash flow/(used) from operating activities (A)	328841	(467491)
CASH FLOW FROM INVESTING ACTIVITIES;		
Purchase of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Net cash flow/(used) from investing activities (B)		
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	-
Secured & Unsecured Loans taken Dividend & Dividend tax Paid	(310063)	464000
Net cash flow/(used) from financing activities (C)	(329858)	464000
"Net Increase / Decrease in Cash and Cash equivalents (A+B+C)"	18778	(3491)
Cash and cash equivalents as at beginning of the year	30181	34763
Cash and cash equivalents as at end of the year	48959	31082

As per our report of even date
attached For MM REDDY AND CO
FRN NO: 010371S Chartered
Accountants

M.Madhusudhana Reddy Partner
Membership No. 213077

Place : Hyderabad Date :
14.05.2018

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

Mr.A.Narshima Sarma
Sd/-

Mr .Akella Venkata Rajesh Director

Note No: 28

Notes To the Standalone Financial Statement as on 31.03.2018

1. Background:

K2 SYSTEMS LIMITED ('the company') is a company limited by shares, incorporated and domiciled in India. The company is engaged in the SOFTWARE & COMPUTERS

2. Significant accounting policies

System of Accounting:

First-time adoption of Ind AS Pursuant to the Companies (India Accounting Standard) Rules, 2015,

The Company has adopted 31st March 2018 as reporting date for first time adoption of India Accounting Standard (Ind AS) and consequently 1st April 2015 as the transition date for preparation of financial statements. The financial statements for the year ended 31st March 2018, are the first financials, prepared in accordance with Ind AS. Upto the Financial year ended 31st March 2017, the company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Previous GAAP). For preparing these financial statements, opening balance sheet was prepared as at 1st April 2016 i.e., the date of transition to Ind AS. The figures for the previous periods and for the year ended 31st March 2017 have been restated, regrouped and reclassified, wherever required to comply with Ind AS and Schedule III to the Companies Act 2013 and to make them comparable.

This note explains the principal adjustments made by the company in restating its financial statements prepared in accordance with Previous GAAP, including the balance sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017.

Revenue recognition :

i) Revenue from Sale of Goods

Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership have been transferred to the buyer, revenue can be measured reliably, the costs incurred can be measured reliably, it is probable that the economic benefits associated to the transaction will flow to the entity and there is no continuing management involvement with the goods. Transfer of risks and rewards vary depending on the individual terms of contract of sale. Revenue from sale of goods is stated inclusive of excise duty and net of returns, trade allowances, rebates, sales tax, GST and amounts collected on behalf of third parties.

ii) Interest Incomes:

For all financial instruments measured at amortized cost, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset. Interest income is included in Other Income in the Statement of Profit and Loss.

Income Taxes:

The income tax expense or credit for the period is the tax payable on the current period taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is not calculated as the company is in operating loss. Income Tax is computed after adjustments of Other Comprehensive income (Foreign Exchange fluctuation amount). Deferred income tax is provided in full, using the liability method, on temporal difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled

Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term , highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

Trade receivables:

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Inventories:

Raw materials and stores, work –in-progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and stores comprise of cost of purchase Cost of work-in progress and finished goods comprises direct materials labour and an appropriate preparation of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated costs of completion and the estimated necessary to make the sale. Items held for use in production of inventory are not written below cost if the finished product in which there will be incorporated are expected to be sold at or above cost.

Property, Plant and Equipment

Property, Plant and Equipment Leasehold land is carried at historical costs. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the

assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax eligible for credit / setoff. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same are depreciated separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest. All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress. Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

Trade and Other Payables:

These amounts represents liabilities for goods provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between

the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In the case the fee is deferred until the draw down occurs. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

Provision

Provision are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability

Dividend: During the year, the company has not declared the dividend on its shares.

Earnings per share:

- 1. Basic earnings per share is calculated by dividing:**
 - The profit attributable to owners of the company
 - By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Contingent Liability and Commitments: Nil

Related Party Transactions

Subsidiary Companies	NIL
Associates Companies controlled by key management personnel / relatives who are substantially interested	1.Kautilya Homes Private Limited
Key managerial personnel	Akella Rajesh Sarma

Name of the party	Relationship	Nature of the transaction	31.03.2018	31.03.2017
Bogha prabhakar	Key managerial person (whole time director 2017)	Unsecured loan taken	-	4,60,000
Sharathdhruthi Boga	Relative of key managerial person	Unsecured loan taken	-	4,000
Kautilya homes private limited	Entity owned or significantly influenced by key management personnel	Advances given	290035	-

C) Balance as at 31 march 2018

Name of the party	Relationship	Nature of Transactions	31.03.2018	31.03.2018
Kautilya homes private limited	Entity owned or significantly influenced by key management perosonnel	Advance given	290035	-

Earnings Per Share

S.No	Particulars	Year ended 31st March 2018	Year ended 31st March 2017
1.	Net Profit available for Equity Shareholders	51556	99035
2.	Weighted Average Number of Equity Shares (No's)	3,94,000	3,94,000
3.	Earnings Per Share – Basic and Diluted	0.139	0.25

Segment reporting

There are no separate reportable segments (business&/geographical) in accordance with the requirements of Indian Accounting Standards (Ind AS) 108 operating segment

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.

as per our report of even date
attached For
MM REDDY AND CO
FRN: 010371S
Chartered Accountants

For and on behalf of the Board of
Directors of K2 SYSTEMS LIMITED
Sd/-
Mr. Allam Inna Reddy

M.Madhusudhana Reddy Partner
Membership No. 213077

Place : Hyderabad Date :
14.05.2018

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 : Plot No. 160,
Patni Nagar, SP Road, Secunderabad, Telangana-500003

Name of the member(s): Registered Address:

E-mail Id:

Folio No./Client 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 29TH Annual General Meeting of the company, to be held on
the Friday , the 28th day of September, 2018 at 09:00 am Plot No. 160,
Patni Nagar, SP Road, Secunderabad, Telangana-500003

and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Approval of financial statements for the year ended 31.03.2018.

Re-appointment of Mr Allam Inna Reddy as Director who retires by rotation.

Appointment of statutory auditors and fixation of their remuneration. Signed
this day of... 2018

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

Plot No. 160,
Patni Nagar, SP Road, Secunderabad, Telangana-500003

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 29th Annual General Meeting of the company, to be held on the Wednesday, the 28th day of September, 2018 at 09:00 am at Plot No. 160, Patni Nagar, SP Road, Secunderabad, Telangana-500003

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 : Plot No. 160,
Patni Nagar, SP Road, Secunderabad, Telangana-500003

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. 2. 3.	1. Adoption of Financial Statements. Re-appointment of Director. 2. Appointment of Auditors.			

Place:

Date: Signature of the shareholder



ROUTE MAP FOR AGM VENUE

The screenshot displays a Google Maps interface with the following elements:

- Browser Tabs:** Includes tabs for 'Form MGT-8 - Format in...', 'LODR COVER.p65', 'ind as are issued by...', 'ind as 108 - Google Search', and '160, Patni Nagar Rd - G...'. The active tab is '160, Patni Nagar Rd - G...'.
- Address Bar:** Shows the URL: <https://www.google.com/maps/place/160,+Patni+Nagar+Rd,+Viman+Nagar,+Rasoolpura,+Secunderabad,+Telangana+500003/@17.4442052,78.4770402,17z/data=!3m1!4m5!3m4!...>
- Search Bar:** Contains the text 'Plot No. 160, Patni Nagar, SP Road'. Below it, search results are shown: 'Showing results for Plot No. 160, Patni Nagar, SP Road, Secunderabad, Hyderabad, Telangana-500003. Search instead for Plot No. 160, Patni Nagar, SP Road, Secunderabad, Hyderabad, Telangana-500003'.
- Map Interface:** The map shows a street view of the area around Plot No. 160, Patni Nagar, SP Road. A red pin marks the location. Surrounding landmarks include Begumpet Hockey Stadium, Begumpet Traffic Police Station, Rasoolpura Masjid, AAI Quarters, and various schools and colleges like Wesley PG College and Sindhli Colony Park. Streets shown include Sardar Patel Rd, BHEL Colony Rd, and Yamballe Road.
- Left Panel:** Contains navigation and utility options:
 - Star icon: '160, Patni Nagar Rd, Viman Nagar, Rasoolpura, Secunderabad, Telangana 500003' with a 'Directions' button.
 - Star icon: 'SAVE'
 - Location pin icon: 'NEARBY'
 - Phone icon: 'SEND TO YOUR PHONE'
 - Share icon: 'SHARE'
 - Location pin icon: 'CFVHMM Hyderabad, Telangana'
 - Location pin icon: 'Add a missing place'
 - Location pin icon: 'Add a label'
- Bottom Taskbar:** Shows the Windows taskbar with icons for Internet Explorer, File Explorer, and other applications. The system tray shows the time as 13:58 and the date as 08-09-2018.

If undelivered please return to :

K2 SYSTEMS LIMITED : Plot No. 160,
Patni Nagar, Sardar Patel Road, Secunderabad,
Telangana-500003.