

DIRECTORS REPORT

To,
The Members,

Your Directors have pleasure in presenting their 26th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

1. Financial summary or highlights/Performance of the Company:

The Board's Report is prepared based on the financial statements of the company.

S. No	Particulars	(Amt. in Lakhs)			
		Standalone		Consolidated	
		2017-18	2016-17	2017-18	2016-17
1.	Revenue from Operations	2891.79	2135.74	2891.79	2413.07
2.	Operating Expenditure	2833.61	2034.39	2833.61	2307.91
3.	Extraordinary Expenses	-	-	-	-
4.	Profit before Tax	4.36	3.72	4.36	(0.17)
5.	Profit after Tax	3.83	0.49	3.83	(3.49)
6.	Balance carried to Balance Sheet	(1015.44)	(1019.27)	(1014.27)	(1018.16)

2. Brief description of the Company's working during the year/State of Company's affairs

On Standalone basis, revenue for the year 2017-18 is at Rs. 2891.79 Lakhs and the Net profit/loss for the year at Rs. 3.83 Lakhs. There is no change in the nature of business during the period under review.

3. Reserves

During the period under review, profits were not appropriated to any reserves.

4. Directors and Key Managerial Personnel

During the period under review, there is change in Composition of Board.

Mr. Ashok Kumar Buddharaju and Mrs. Kanaparathi Chennamma resigned from the position of director on 14th February, 2018 and 14th March 2018 respectively. Ms. Pittala Skunkaya has joined as Additional Director w.e.f 30th May 2018.

Mr. Uday Chava will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends his re-appointment at the ensuing Annual General Meeting.

5. Particulars of Employees

None of the employees has received remuneration exceeding the limit as stated in rule 5 (2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules 2014.

6. Meetings

During the year Six(6) Board Meetings and Five (5) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The Intervening Gap between the meetings was within the period prescribed under the Companies Act,2013

7. Board Evaluation

Pursuant to section 178 (2) of the Companies Act,2013 the Nomination and Remuneration Committee has evaluated the performance of individual directors in its duly convened meeting. Pursuant to section 134(3)(p) of the Companies Act,2013 and Regulation 4(2)(f)(ii)(9) of the SEBI (LODR)(Erstwhile Clause 49 of the Listing Agreement), the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

8. Declaration by an Independent Director(s) and Re- appointment, if any

As required under section 134(3)(d) of the Companies Act,2013,All Independent directors have given declarations to the Company that meet the criteria of independence as laid down under section 149(6) of the Companies Act,2013.

9. Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Remuneration policy is stated in the Corporate Governance Report.

10. Details of Subsidiary/Joint Ventures/Associate Companies

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is given as **Annexure-I**[*Performance and financial position of the subsidiary, included in the consolidated financial statement*]

Further, the Annual Accounts and related documents of the subsidiary company are kept open for inspection at the Registered office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiaries

11. Auditors:

M/s M M Reddy & Co. Chartered Accountants, (FRN: 010371S) the present Auditors, has been appointed for five consecutive years (Subject to the ratification by the shareholders at each AGM held after the previous AGM) by the shareholders at the 22nd AGM.

12. Auditors' Report

The Auditors' Report does not contain any qualifications. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

13. Secretarial Audit Report

In terms of Section 204 of the Act and Rules made there under, M/s Ramanjaneyulu K & Associates, Practicing Company Secretaries, have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure III** to this report. The report is self-explanatory and do not call for any further comments.

14. Risk management policy

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company.

15. 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 as **Annexure II**.

16. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There are no material changes occurred during the financial year of the Company to which financial statements relate and the date of the report.

17. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

During the period under review, there are no significant material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

18. Deposits

During the period under review, the company has not accepted any deposits as envisaged under Section 74 and 76 and Companies (Acceptance of Deposits) Rules, 2014

19. Particulars of loans, guarantees or investments under section 186

During the period under review, the company has not given any loans, guarantees but has made investments as envisaged under Section 186 of Companies Act, 2013.

20. Particulars of contracts or arrangements with related parties

There are no related party transactions in the Company during the year

21. Corporate Governance Certificate

The Compliance certificate from the auditors regarding compliance of conditions of corporate governance as stipulated in Regulation 27 of SEBI(Listing Obligations and Disclosure Requirement), Regulations, 2015 (Erstwhile Clause 49 of the Listing Agreement) is annexed with the report.

22. Management Discussion and Analysis

The Management Discussion and Analysis forming part of this Annual Report has been discussed elsewhere in the Report.

23. Statutory Disclosures

In terms of the provisions of Section 134 of the Companies Act, 2013, read with the Companies Rules as amended, the names and other particulars of the employees are set out in the Directors' Report. However, as per the provisions of Section 219 (b) (IV) of the said Act read with Regulation 36 of Listing Obligations and Disclosure Requirements, 2015, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company at the registered office of the Company.

24. Obligation of Company Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to prevent sexual harassment of women at work place a new act the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

The Final charter of policy for prevention of Sexual Harassment of Women at workplace is yet to be adopted.

25. Conservation of energy, technology absorption and foreign exchange earnings and outgo

As per section 134 (3) (m) of the Companies Act, 2013 the details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows

- (a) Energy, technology absorption: Nil
- (b) Foreign exchange earnings: Nil
- (c) Foreign exchange Outgo: Nil

26. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is not applicable to the company as the threshold as mentioned in the provisions Companies Act, 2013 is not applicable to our Company.

27. Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state 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.

28. Listing with Stock Exchanges:

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to BSE Limited, where the Company's Shares are listed.

29. Acknowledgements

Your Directors take this opportunity to express their gratitude for the valuable support extended by the customers, banks, financial institutions, investors, business associates, central & state government authorities. Your Directors also appreciate the employees at all levels for their continued support to the Company. Your Directors believe that with the whole-hearted support of employees, stakeholders, bankers and our valuable customers, we will continuously excel in the path of success and growth.

For and on behalf of the Board of Directors

**Sd/-
Prabhakara Rao Alokam
Director
DIN: 02263908**

**Sd/-
G. Suresh Babu
Director
DIN: 01961140**

**Place: Hyderabad
Date: 03.09.2018**

FormAOC-1

Statement (Pursuant to first proviso to sub-section (3)
of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies
or joint ventures**

**Part A
Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Name of the subsidiary	Netocol Systems & Solutions Pvt Ltd	Eko Gifts Pvt Ltd	Amaravathi Global Solutions Pvt Ltd
The date since when subsidiary was acquired	04/08/2012	22/08/2015	21/01/2016
Reporting period for the subsidiary concerned	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
Reporting currency	INR	INR	INR
Share capital	3,50,00,000	1,00,000	1,00,000
Reserves and surplus	(3,90,86,009)	0	93467
Total assets	3,16,80,202	100000	56,46,655
Total Liabilities	3,16,80,202	100000	56,46,655
Investments	Nil	-	-
Turnover	Nil	-	4,65,63,678
Profit before taxation	Nil	-	49,382
Provision for taxation	Nil	-	15,259
Profit after taxation	Nil	-	34,123
Proposed Dividend	-	-	-
Extent of shareholding (in %)	100%	60%	55%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Amaravati Global Solutions Pvt Ltd
- Names of subsidiaries which have been liquidated or sold during the year: Nil

**For M M Reddy & Co.
Chartered Accountants
(FRN: 010371S)**

**For and on behalf of Board of Directors of
Covidh Technologies Limited**

**Sd/-
M Madhusudhana Reddy
Partner
M.No: 213077**

**Sd/-
Prabhakara Rao Alokam
(Director)
DIN: 02263908**

**Sd/-
G Suresh Babu
(Director)
DIN: 01961140)**

**Place: Hyderabad
Place: 03.09.2018**

**Sd/-
Parne Venkateshwar Reddy
(Chief Financial Officer)**