

# Palred Technologies Limited Annual Report 2014 - 2015

**CORPORATE INFORMATION****Board of Directors**

Mr. Palem Srikanth Reddy	Chairman & Managing Director (DIN: 00025889)
Mr. S. Vijaya Saradhi	Independent Director (DIN: 03089889)
Mr. Atul Sharma	Independent Director (DIN: 07185499)
Mrs. Richa Patnaik	Independent Director (DIN: 07274527)

Company Secretary Haritha Varanasi

Registered Office: Palred Technologies Limited  
Plot No.2, 8-2-703/2/B,  
Road No.12, Banjara Hills,  
Hyderabad- 500034, A.P, India  
Website: [www.palred.com](http://www.palred.com)  
E-mail- [company@palred.com](mailto:company@palred.com)  
CIN No. L72200AP1999PLC033131

Statutory Auditors M/s Walker Chandio & Co., LLP  
Chartered Accountants

Bankers Citi Bank N.A  
Kotak Mahindra Bank Limited  
ICICI Bank Limited  
State Bank of India

Registrars and Share Transfer Agents Karvy Computershare Pvt Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500032  
Phone Number: 040-67162222,67161526,  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)  
Email- [cinward.ris@karvy.com](mailto:cinward.ris@karvy.com)

**AUDIT COMMITTEE**

Mr.S. Vijaya Saradhi	Chairman
Mr.Atul Sharma	Member
Mrs.Richa Patnaik	Member

**NOMINATION & REMUNERATION COMMITTEE**

Mr.S. Vijaya Saradhi	Chairman
Mr.Atul Sharma	Member
Mrs.Richa Patnaik	Member

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

Mrs.Richa Patnaik	Chairman
Mr.S. Vijaya Saradhi	Member
Mr. Palem Srikanth Reddy	Member

**INDEPENDENT DIRECTORS COMMITTEE:**

Mr.Atul Sharma	Chairman
Mr.S. Vijaya Saradhi	Member
Mrs.Richa Patnaik	Member

**RISK MANAGEMENT COMMITTEE:**

Mr.Palem Srikanth Reddy	Chairman
Mr.Atul Sharma	Member
Mr.S. Vijaya Saradhi	Member

**LISTED AT** National Stock Exchange of India Limited  
BSE Limited

**DEMAT ISIN NUMBER IN NSDL& CDSL:** INE218G01017

**WEBSITE** [www.palred.com](http://www.palred.com)

**INVESTOR E-MAIL ID** [company@palred.com](mailto:company@palred.com)



### Message from the Chairman and Managing Director

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Dear Shareholders,

I take pleasure in presenting the Sixteenth Annual Report of your Company. I use this opportunity to present the financial performance of the Company in the year and what we see for the future. The IT business along with investments in the subsidiary companies had been sold off to Transport I.T. Solutions Pvt. Ltd, a Kewill Group Company in October 2013 for a lumpsum consideration of 43.4 Million USD, which is indicative of the synergy of the transaction and the inherent value of the business that the Company has created over the last 13 years. After the sale of business the Company has invested into Palred Online Technologies Private Limited which owns and operates [www.latestone.com](http://www.latestone.com) and Palred Technology Services Private Limited, a Software Solutions Company.

Your Company has reported a net profit of Rs. 250.29 lakhs for the financial year ended 31<sup>st</sup> March, 2015 as against a profit of Rs. 12,716.07 (largely due to sale of business in Oct 2013) lakhs in the previous year ended 31<sup>st</sup> March, 2014. From the sale proceeds, your Company has distributed a sum of Rs. 29/- per share by way of interim dividend in October, 2013 and Rs. 16.50/- per share by way of Capital Reduction for 60% of paid-up shares in July 2015.

Your Company is operating with the objects of building multiple verticals in IT and IT related businesses post-sale of the core business in October 2013. These new domains of business will include IT services, Software solutions for Media & Entertainment Business, online businesses such as e-tailing, online financial services portals, and online entertainment. In addition we are also exploring direct entry into Media & Entertainment domain. We have acquired and plan to continue to acquire a lot of IP, content, technology, knowhow and operating businesses to be able to get a head start into these verticals as we do not possess these internally in the company.

As always we will update the stake holders, investors, employees, customers, vendors and also keep them posted about the developments from time to time. Your Company has always been actively contributing to social causes as a part of its Corporate Social Responsibility.

On behalf of Management and staff, I would like to thank every shareholder of Palred Technologies Limited, for your continued commitment, support and confidence. We look forward for your continued support and encouragement in future as well.

Thank You,

**Palem Srikanth Reddy**

## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Shareholders of M/s Palred Technologies Limited will be held on 30.09.2015 at 9.00 A.M. at the Corporate Office of the Company at 2<sup>nd</sup> Floor, Uma Plaza, Nagarjuna Circle, Road No.1, Banjara Hills, Hyderabad, Telangana- 500034 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To consider and if thought fit, with or without modification(s), to pass the following resolution as an ordinary resolution:  
“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 including any Statutory re-enactment thereof for the time being in force, M/s Walker Chandiok & co LLP, Chartered Accountants (Firm Registration No. 001076N) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the Conclusion of next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors of the Company.

“RESOLVED FURTHER THAT Mr. Palem Srikanth Reddy, Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things as may deem fit and necessary and file necessary forms with the concerned Registrar of Companies to give effect to the above resolution.”

### SPECIAL BUSINESS:

#### **3. APPOINTMENT OF MRS. RICHA PATNAIK AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 149, 152 of the Companies Act, 2013 and rules made there under, Mrs. Richa Patnaik (DIN07274527), who was appointed ‘Additional Director’ in the Board of the Company on 31.08.2015 pursuant to the provision of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company, and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Richa Patnaik as a candidate for the office of a director of the company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (Five) consecutive years up to 29<sup>th</sup> September, 2020.

#### **4. TO APPOINT MR. ATUL SHARMA AS AN INDEPENDENT DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 149, 152 of the Companies Act, 2013 and rules made there under, Mr. Atul Sharma (DIN- 07185499), who was appointed as an ‘Additional Director’ in the Board of the Company on 14.05.2015 pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company, and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Atul Sharma as a candidate for the office of a director of the company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (Five) consecutive years up to 29<sup>th</sup> September, 2020.

#### **5. TO APPOINT MR. S. VIJAYA SARADHI AS AN INDEPENDENT DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 149, 152 of the Companies Act, 2013 and rules made there under, Mr. S. Vijaya Saradhi (DIN- 03089889), who was appointed as an ‘Additional Director’ in the Board of the Company on 14.05.2015 pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company, and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. S. Vijaya Saradhi as a candidate for the office of a director of the company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (Five) consecutive years up to 29<sup>th</sup> September, 2020.

**6. TO FIX THE REMUNERATION OF MR. PALEM SRIKANTH REDDY, MANAGING DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Special Resolution**:

“RESOLVED THAT, in super cession of all the earlier resolutions passed by the shareholders and pursuant to the provisions of Section 197 read with Schedule V to the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Rules prescribed there under, the consent of the shareholders of the Company be and is hereby accorded to the Board to fix, alter or vary from time to time the remuneration payable to Shri. Palem Srikanth Reddy (DIN 00025889), Chairman & Managing Director of the Company and in such manner as it may deem fit including doubling the limits (without the approval of the Central Government) as prescribed under Schedule V of the Companies Act, 2013 including any Statutory modifications(s) in force or that may hereinafter be made thereto by the Central Government as may be agreed by the Board of Directors and Shri. Palem Srikanth Reddy (DIN 00025889).”

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri. Palem Srikanth Reddy (DIN 00025889) as Chairman & Managing Director, the remuneration, perquisites and other allowances, if any fixed by the Board of Directors shall be governed by the limits prescribed in Schedule V to the Act.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Palem Srikanth Reddy, Managing Director, including the monetary value thereof, to the extent recommended by the nomination and remuneration committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution in terms of Schedule V of the Companies Act, 2013.

“RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

**7. TO CONSOLIDATE TWO EQUITY SHARES OF Rs. 5/- EACH INTO ONE EQUITY SHARE OF RS. 10/- EACH.**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the adoption by the shareholders of the Company of the new Articles of Association which empowers the Company for consolidation of shares and subject to the approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”), consent of the Members be and is hereby accorded to consolidate two Equity Shares of the Company having Face value of Rs. 5/- each (Rupees Five only) into 1 (One) Equity Share of Face value of Rs. 10/- (Rupees Ten only) each fully paid-up and consequently, the Authorized Share Capital of the Company comprising of 560,77,600 (Five Crore Sixty Lakhs Seventy seven Thousand Six Hundred) equity shares of Rs.5/- each shall be consolidated to 2,80,38,800 (Two Crores Eight Lakhs Thirty Eight Thousand Eight Hundred) equity shares of Rs. 10/- each (Ten) amounting to Rs.28,03,88,000/- (Rupees Twenty Eight crores Three Lakhs Eighty eight Thousand only) with effect from the “Record Date” to be determined by the Board for this purpose.

“FURTHER RESOLVED THAT pursuant to the Consolidation of the Equity Shares of the Company, Two Equity Shares of the Face value of Rs.5/-each (Rupees five only)each as existing on the Record Date shall stand consolidated into 1 (One) Equity Share of the Face value of Rs. 10/- each (Rupees Ten only) each fully paid-up, with effect from the Record Date.

“FURTHER RESOLVED THAT on consolidation, 1 (One) Equity Share of the Face value of Rs. 10/- each (Rupees Ten only) each be issued in lieu of Two Equity Shares of Rs. 5/-each (Rupees Five only) , subject to the terms of Memorandum and Articles of Association of the Company and shall rank paripassu in all respects and carry the same rights as the existing fully paid Equity Shares of Rs. 10/- (Rupees Ten only) each of the Company and shall be entitled to dividend(s) to be declared after the consolidation of equity shares.

“FURTHER RESOLVED THAT upon consolidation of Equity Shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of Face value of Rs. 5/- (Rupees five only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and that no letter of allotment shall be issued to the allottees of the new Equity Shares of Rs. 10/- (Rupee Ten only) each on consolidation and the Company may, without requiring the surrender of existing share certificate(s), directly issue and dispatch the new share certificate(s) of the Company, in lieu of such existing share certificate(s), within the period prescribed or that may be prescribed in this behalf, from time to time and in the case of shares held in dematerialized form, the number of consolidated Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares before consolidation.

“**FURTHER RESOLVED THAT** the Board be and is hereby authorized to fix a Record Date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution.”

**8. AMENDMENT TO CLAUSE V OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions contained in Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the approvals, consents, permissions and sanctions, if any, required from any authority, consent of the Members be and is hereby accorded to amend the existing Clause V of the Memorandum of Association of the Company by deletion of the existing Clause V and by substitution thereof by the following clause:

“V. The Authorized Share Capital of the Company is Rs. 28,03,88,000/- (Rupees Twenty Eight Crores Thirty Eight Lakhs Eight Thousand only) divided into 5,60,77,600 (Five crores Sixty Lakhs Seventy seven Thousand Six Hundred) Equity Shares of Rs. 5/- (Rupee Five only) each and Rs. 6,96,12,000 (Rupees Six Crores Ninety Six Lakhs Twelve Thousand only) divided into 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) preference shares of Rs.100/- each with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf.”

“**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

**9. AMENDMENT OF ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 5 read with Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the new draft Articles as contained in the Articles of Association submitted be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

**For and on behalf of the Board  
Palred Technologies Limited**

**Place: Hyderabad  
Date: 31.08.2015**

**PalemSrikanth Reddy  
Managing Director  
(DIN: 00025889)**

**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. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26.09.2015 to 30.09.2015(Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
8. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Karvy Computershare Private Limited.)
9. 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.
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. Karvy Computershare Private Limited., 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. Electronic copy of the Annual Report for 2014-2015 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 2014-2015 is being sent in the permitted mode.
15. Members may also note that the Notice of the 16<sup>th</sup> Annual General Meeting and the Annual Report for 2014-2015 will also be available on the Company's website [www.palred.com](http://www.palred.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: [company@palred.com](mailto:company@palred.com).

16. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, 23<sup>rd</sup> September, 2015, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on Sunday, 27<sup>th</sup> September 2015 and will end at 5.00 p.m. on Tuesday, 29<sup>th</sup> September, 2015. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The Company has appointed Mr. S. Sarveswar Reddy, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

**Procedure for remote e-voting**

I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

- (a) In case of Members receiving an e-mail from Karvy:
  - (i) Launch an internet browser and open <https://evoting.karvy.com>
  - (ii) Enter the login credentials (i.e. User ID and password). The Event No.Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering the above details click on - Login.
  - (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
  - (v) On successful login, the system will prompt you to select the E-Voting Event
  - (vi) Select the EVENT of Palred Technologies Limited and click on - Submit .
  - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
  - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
  - (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [scrutinizer@snaco.net](mailto:scrutinizer@snaco.net). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip
  - (I) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVENT (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.



- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on Friday, 25<sup>th</sup> September, 2015. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Sunday, 27<sup>th</sup> September, 2015 and will end at 5.00 p.m. on, 29<sup>th</sup> September, 2015. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
  - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL : MYEPWD <SPACE> IN12345612345678  
Example for CDSL : MYEPWD <SPACE> 1402345612345678  
Example for Physical : MYEPWD <SPACE> XXX1234567
  - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - c. Member may call Karvy's toll free number 1-800-3454-001
  - d. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)
- VI. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 16<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s Karvy Computershare Private Limited
21. 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 25.09.2015.
22. 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 the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
23. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.
24. Mr.S.Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process.
25. 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.

26. 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.palred.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 BSE Limited and National Stock Exchange of India (NSE)..

**For and on behalf of the Board  
Palred Technologies Limited**

**Place: Hyderabad  
Date: 31.08.2015**

**PalemSrikanth Reddy  
Managing Director  
(DIN: 00025889)**

### **EXPLANATORY STATEMENT**

**[Pursuant to Section 102 of the Companies Act, 2013]**

#### **Item No. 3,4 & 5:**

Mr. Atul Sharma and Mr. S.Vijaya Saradhi were appointed as Additional Directors on 14.05.2015 and Mrs. Richa Patnaik on 31.08.2015 in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive Independent'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the ensuing Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013. The Company has received a notice from members under section 160 of the Companies Act 2013, along with requisite deposit proposing the candidature of Mr. Atul Sharma, Mr.S.Vijaya Saradhi and Mrs.Richa Patnaik for the office of directors under the category of Independent Director.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made thereunder and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Mr. Atul Sharma, Mr.S.VijayaSaradhi and Mrs. Richa Patnaik as 'Independent Directors' for a term upto 29.09.2020, and pass the resolutions as set out at Item Nos. 3, 4 and 5. The appointment of Mr. Atul Sharma, Mr. S.Vijaya Saradhi and Mrs. Richa Patnaik is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. Atul Sharma, Mr. S.Vijaya Saradhi and Mrs. Richa Patnaik have confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that their continued association with the Company would be of benefit to the Company. Further, in the opinion of the Board Mr. Atul Sharma, Mr. S.Vijaya Saradhi and Mrs. Richa Patnaik fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder, and they are independent of the Management.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Director, Mr. Atul Sharma, Mr. S.Vijaya Saradhi and Mrs. Richa Patnaik are concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 3, 4 and 5 for approval of the Members.

#### **ITEM NO. 6:**

Having regard to the knowledge, experience of Mr. Palem Srikanth Reddy (DIN No. 00025889) and the responsibilities shouldered on him, considering the recommendations of Nomination & Remuneration committee, the Board accorded its approval, subject to the approval of shareholders of the Company by way of special resolution, vary the scope of remuneration of Mr. Palem Srikanth Reddy, Managing Director, including the monetary value thereof, to the extent recommended by the nomination and remuneration committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution in terms of Schedule V of the Companies Act, 2013.

It is therefore, proposed that the remuneration to Mr.PalemSrikanth Reddy (DIN No. 00025889)as prescribed under Section 197 read with Schedule V to the Companies Act, 2013, be approved by the shareholders of the company at the forthcoming Annual General Meeting, in modification to the earlier resolutions passed by the shareholders of the Company in this regard.

**Information in accordance with Schedule V of Companies Act, 2013**
**I. GENERAL INFORMATION**

1	Nature of Industry	: Software Development (IT and IT enabled services)		
2	Date or expected date of commencement of commercial	: 24 <sup>th</sup> December, 1999		
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: <b>Not Applicable</b>			
4	<b>Financial performance based on given indications</b>			
	(A). Net Profit or loss under section 198 of the Companies Act, 2013 on standalone basis			
	<b>Particulars</b>	<b>01.04.2014 to 31.03.2015 (Amt in Rs)</b>	<b>01.04.2013 to 31.03.2014 (Amt in Rs)</b>	<b>01.04.2012 to 31.03.2013 (Amt in Rs)</b>
	Turnover	837,96,323	2283,39,006	341,682,859
	Net profit as computed under Section 198	289,29,173	12746,06,895	(89,67,141)
	Net profit / loss as per profit and loss account	259,29,173	12716,06,895	(124,16,389)

**II. INFORMATION ABOUT THE APPOINTEE:**

1.	<b>Background Details:</b> Sri Palem Srikanth Reddy, aged 49 years, is an Industrial Engineering Graduate from REC, Trichy, India and a Post Graduate in Industrial Engineering from Stanford university, USA. And is associated with the company since its inception.		
2.	<b>Past Remuneration:</b>	Year	Total Remuneration (in Rs.)
		2014-15	30,00,000/-
		2013-14	30,00,000/-
		2012-13	29,46,000/-
3.	Recognition or awards : <b>Not Applicable</b>		
4.	<b>Job Profile and his suitability:</b> Srikanth is the Chairman & Managing Director of Palred Technologies Limited. Through his leadership and vision, he has applied his supply chain execution experience to the innovative development of the prime products of 4S, which has become the first ever enterprise operating platforms for the logistics and supply chain management industries on the Internet. His career profile began as an executive in various supply chain execution operations such as: JV Partner & Emery Worldwide (Managing Director), India and Asia Pacific Logistics/Distribution operations at Hewlett Packard (Manager), Singapore. The contribution and technical know-how provided by him has been explored up to the optimum level by the Company in all aspects		
5.	<b>Remuneration proposed</b> As set out in the resolutions annexed the remuneration to Sri P.Srikanth Reddy, Managing Director has the approval of the remuneration Committee		
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) Taking into consideration of the size of the Company, the profile of Sri Palem Srikanth Reddy and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any Besides, the remuneration proposed, he is holding 29,01,508 Equity Shares of the Company.		

**III. OTHER INFORMATION:**

1.	<b>Reasons for inadequate profits or negative effective capital:</b> After the sale of business in Oct 2013, the Company restructured its Capital and also invested in other Companies. Since the existing business got sold, the Company is still exploring various options in the fields of IT Solutions, IT Solutions for Media and Entertainment Industry.
2.	<b>Steps taken or proposed to be taken for improvement:</b> The Company is taking initiatives to venture into new fields. It has already invested in Online eCommerce which is booming sector currently in India.

**ITEM NO. 7 & 8:**

The Board of Directors of the Company wish to consolidate the Equity Shares of the Company by which the face value of each share would be Rs. 10/-. As per Section 61(1)(b) of the Companies Act, 2013, shares of the company can be consolidated on passing of a resolution at the General Meeting of the Company. Therefore, the proposed resolution is recommended to the shareholders of the company for their consideration and approval.

The shareholders may please note that presently the nominal value of the equity shares is Rs.5/- each and consequent to the consolidation, the shareholder holding two equity shares of Rs.5/- each will be allotted one share of Rs.10/- each. Shareholders attention is also invited to the fact that in view of the foregoing consolidation, the existing Capital Clause V in the Memorandum of Association and as per the new articles of association of the Company if adopted, relating to equity shares also need relevant amendment to give effect to the consolidation.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the Ordinary Resolution as set out at item no. 7 & 8 for approval of the Members.

**ITEM NO. 9:**

The Articles of Association of the Company ("Articles") as currently in force was adopted pursuant to the provisions under the Companies Act, 1956. The Companies Act, 1956 has been superseded by the Companies Act, 2013. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association is hence to be amended to align the extant Articles with the provisions of the Companies Act, 2013 and rules thereunder.

Salient aspects of the proposed amended Articles:

Under the proposed amended Articles, salient aspects of sections of Table-F of Schedule I to the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares have been adopted. As mentioned in the previous para, changes that are required to be carried out pursuant to the Companies Act, 2013 and rules thereunder coming into force have been duly carried out. A copy of the amended proposed Articles is enclosed to this Notice for consideration / approval of the Members.

The resolution as set out in item no. 9 has been recommended by the Board of Directors for approval of the Members by special resolution.

The proposed new draft of Articles of Association is also available for inspection by the Members at the Registered Office of the Company on any working day excluding public holidays and Sunday from the date here upto 30<sup>th</sup> September, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way are concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 9 of the Notice.

**For and on behalf of the Board  
Palred Technologies Limited**

**Place: Hyderabad  
Date: 31.08.2015**

**SrikanthPalem Reddy  
Managing Director  
(DIN: 00025889)**

## BOARD'S REPORT

**To the Members,**

The Directors have pleasure in presenting before you the 16<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2015.

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

The performance during the period ended 31st March, 2015 has been as under:

(Rs. In millions)

Particulars	2014-2015		2013-2014
	Consolidated	Standalone	Standalone
Total Income	135.55	83.80	221.19
Total Expenditure	122.22	54.22	207.27
Operating Profit / (Loss) (EBITDA)	13.33	29.58	13.92
Interest -	-	0.43	
Depreciation and amortization	4.37	3.65	5.63
Profit before Tax	<b>8.96</b>	<b>25.93</b>	7.86
Tax Expense	-	-	337.73
Profit/(Loss) after tax and before exceptional items	<b>8.96</b>	<b>25.93</b>	<b>(329.87)</b>
Exceptional Items	-	-	1601.48
Profit/(Loss) after tax and Exceptional Items	<b>8.96</b>	<b>25.93</b>	1271.61
Minority Interest (share of Loss)	(3.55)	-	-
Profit / (Loss) after Minority Interest	12.51		
Basic and diluted Earnings per share (in Rs.)	0.32	0.66	32.57

**REVIEW OF OPERATIONS:**

During the year under review, the Company has recorded a consolidated income of Rs.1355 lakhs and the profit of Rs. 125.10 lakhs as against an income of Rs.2283.39 Lakhs and profit of Rs. 12716.06 Lakhs in the previous financial year ending 31.03.2014.

**DIVIDEND:**

Since the Company has ventured in to new businesses after sale of its business and distribution of sale proceeds among its shareholders, your Board of Directors regret their inability to declare dividend for the financial year 2014-2015.

**REDUCTION OF CAPITAL:**

The Company has pursuant to Hon'ble High court order dated 09.06.2015, reduced the paid up capital of the Company to the extent of sixty percent which is in excess of the business requirements of the Company. Consequently, the issued, subscribed and Paid-up capital shall stand reduced from Rs. 195,184,850/- (Rupees Nineteen Crore Fifty One Lakhs Eighty Four Thousand Eight Hundred and Fifty Only) consisting of 39,036,970 (Three Crore Ninety Lakhs Thirty Six Thousand Nine Hundred and Seventy Only) Equity Shares of Rs. 5/- (Rupees Five Only) each fully paid-up to Rs. 78,073,940 (Rupees Seven Crore Eighty Lakhs Seventy Three Thousand Nine Hundred and Forty Only) consisting of 15,614,788 (One Crore Fifty Six Lakhs Fourteen Thousand Seven Hundred and Eighty Eight Only) Equity Shares of Rs. 5/- (Rupees Five Only) each.

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

Palred Technology Services Private Limited and Palred Online Technologies Private Limited are the subsidiary companies of Palred Technologies Limited. The performance details of the Subsidiary companies are as under:



Particulars	2014-15 Standalone	2013-2014 Standalone
Total Income	69.33	0.28
Total Expenditure	110.29	0.87
Operating Profit / (Loss) (EBITDA)	(37.92)	(0.59)
Interest	-	-
Depreciation and amortization	0.72	0.01
Profit before Tax	(38.64)	(0.60)
Tax Expense	-	-
Profit/(Loss) after tax	<b>(38.64)</b>	<b>(0.60)</b>
Basic and diluted Earnings per share (in Rs.)	(7.55)	(6.00)

Palred Technology Services Private Limited

(Rs. In millions)

Particulars	2014-15 Standalone	2013-14 Standalone
Total Income	-	-
Total Expenditure	0.99	-
Operating Profit / (Loss) (EBITDA)	(0.99)	-
Interest	-	-
Depreciation and amortization	-	-
Profit before Tax	(0.99)	-
Tax Expense	-	-
Profit/(Loss) after tax	<b>(0.99)</b>	-
Basic and diluted Earnings per share (in Rs.)	(7)	-

\* FY 2014-15 being first year of operations there are no comparative figures for FY 2013-14

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis as required under clause 49(VIII)(D) of the Listing Agreement forms a part of this Report.

#### CORPORATE GOVERNANCE

A Separate section titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms a part of this report.

#### EXTRACT OF ANNUAL RETURN:

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

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year, Mr. Atul Sharma, Mr.S.Vijaya Saradhi and Mrs. Richa Patnaik were appointed as Additional Directors. Now the Board proposes to appoint them as Independent Directors in line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint existing additional directors in the independent category, as Independent Director on the Board of the Company for a term up to five consecutive years. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

- Notice has been received from Members proposing candidature of the Director namely Mr. Atul Sharma, Mr. S. Vijaya Saradhi and Mrs. Richa Patnaik for the office of Independent Director of the Company. In the opinion of the Board, they fulfil the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Director of the Company.
- Mr. T.R.Sivarama Krishnan, Ms. A. Amala and Mr Mohan Krishna Reddy have resigned from the post of Directors w.e.f. 14.08.2015
- Mr. E. Srinivas Prasad has resigned from the post of Director w.e.f 31.08.2015

Details of appointments of the director:

<b>Name of the Director</b>	<b>Mr. Atul Sharma</b>	<b>Mr. S. Vijaya Saradhi</b>	<b>Mrs. Richa Patnaik</b>
Date of Birth	27/08/1965	06/10/1959	11/11/1980
Date of Appointment	14/05/2015	14/05/2015	31/08/2015
Qualifications	CA	M.Com	PGDBM
No. of Shares held in the Company	25000	2000	Nil
Directorships held in other companies (excluding private limited and foreign companies)	Nil	Nil	Nil
Positions held in mandatory committees of other companies	Nil	Nil	Nil

#### **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received a declaration from, Mr. S. Vijaya Saradhi, Mr. Atul Sharma and Mrs. Richa Patnaik, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

#### **VIGIL MECHANISM:**

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company [www.palred.com](http://www.palred.com).

#### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The Directors had prepared the annual accounts on a going concern basis; and
- 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.
- 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.

#### **AUDITORS AND AUDITORS REPORT**

In the previous Annual General Meeting (15<sup>th</sup> AGM), the Company has appointed M/s. Walker Chandio & Co., LLP, Chartered accountants as statutory Auditors to hold office until the conclusion of the 16<sup>th</sup> annual General Meeting. The Company has already received letter from them to the effect that their appointment, if made by the shareholders, would be within the prescribed limits and that they are not disqualified for re-appointment within the meaning of the Companies act 2013. The Board of Directors recommend their re-appointment for the financial year 2015-16.

#### **INTERNAL AUDIT:**

M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad are the Internal Auditors of the Company.

#### **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial personnel) Rules 2014, Mr. S.Sarveswara Reddy, Practicing Company Secretary has conducted Secretarial Audit of the Company for the FY 2014-15. The Secretarial Audit Report for the FY 2014-15 is annexed hereto and forms part of this Annual report. The Company on large scale operations globally is in the process of appointing right candidate as CFO.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

The required information as per Sec.134 (3) (m) of the Companies Act 2013 is provided hereunder:

**A. Conservation of Energy:**

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

**B. Technology Absorption:**

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

**C. Foreign Exchange Earnings and Out Go:**

Foreign Exchange Earnings:	NIL
Foreign Exchange Outgo:	95,15,312

**PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Sec. 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014, during the financial year under review.

**DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

**INSURANCE:**

The properties and assets of your Company are adequately insured.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of loans, guarantees or investments made under section 186 of the companies Act, 2013 are given in the note to the financial statements.

**CREDIT & GUARANTEE FACILITIES:**

The Company has not availed any facilities of Credit and Guarantee.

**RISK MANAGEMENT POLICY:**

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

**CORPORATE SOCIAL RESPONSIBILITY POLICY:**

Since your Company do not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

**RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with the promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As required under clause 49(V)(D) of the listing agreement, the Company has formulated a policy for determining 'material' subsidiaries, the said policy is disclosed at Company's website at [www.palred.com](http://www.palred.com).

As required under clause 49(VIII)(A)(2) of the listing agreement, the Company has disclosed the policy on dealing with related party transactions at Company's website at [www.palred.com](http://www.palred.com).

Your Directors draw attention of the members to Note 32 of the financial statement which sets out related party disclosures.

**DISCLOSURE ABOUT COST AUDIT:**

Cost Audit is not applicable to your Company.

**RATIO OF REMUNERATION TO EACH DIRECTOR:**

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014, the ratio of remuneration paid to Managing Director and maiden employees is 1:18.



**LISTING WITH STOCK EXCHANGES:**

The Company is listed with BSE Limited and National Stock Exchange India Limited (NSE) and confirms that it has paid the Annual Listing Fees where the Company's Shares are listed.

**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.

**SECRETARIAL STANDARDS****EVENT BASED DISCLOSURES**

During the year under review, the Company has not taken up any of the following activities:

- |                                                                                           |    |
|-------------------------------------------------------------------------------------------|----|
| 1. Issue of sweat equity share:                                                           | NA |
| 2. Issue of shares with differential rights:                                              | NA |
| 3. Issue of shares under employee's stock option scheme:                                  | NA |
| 4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: | NA |
| 5. Buy back shares:                                                                       | NA |
| 6. Disclosure about revision:                                                             | NA |
| 7. Preferential Allotment of Shares:                                                      | NA |

**EMPLOYEE RELATIONS:**

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

None of the employees is drawing Rs. 5,00,000/- and above per month or Rs.60,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013.

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company like SEBI, BSE, NSE, NSDL, CDSL, ICICI Bank, Kotak Mahindra Bank and State Bank of India etc. for their continued support for the growth of the Company.

**For and on behalf of the Board  
Palred Technologies Limited**

**Place: Hyderabad  
Date: 31.08.2015**

**PalemSrikanth Reddy  
Managing Director  
(DIN: 00025889)**

## CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report containing the details of Corporate Governance systems and processes at Palred Technologies Limited as follows:

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is backed by Principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate 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.

### DATE OF REPORT

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2015. The Report is updated as on the date of the report wherever applicable.

## 1. BOARD OF DIRECTORS

### A. COMPOSITION OF THE BOARD

The Company is managed and controlled through a professional body of Board of Directors which is headed by Mr. Palem Srikanth Reddy, Chairman & Managing Director. As on 31st March 2015, the Board of Directors of the Company has 4 members (including 1 Managing Director and 3 Independent Non-Executive Directors) with vast experience and knowledge. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director.

The Board has been enriched with the advices and skills of the Independent Directors. None of the Independent Directors has any pecuniary or business relationship except receiving sitting fees. The composition of the Board of Directors as on 31.03.2015 and details of number of Directorships/committee chairmanships/memberships attendance particulars is as under:

S. No	Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committees held in other Companies		Attendance Particulars		
				Member	Chairman	Last AGM 29.09.2015	Board meetings '14-15'	
							held	attended
1.	Mr. Palem Srikanth Reddy	Promoter Chairman & Managing Director	4	-	-	Yes	7	7
2.	Mr. T. R. Sivaramakrishnan#	Independent & Non-executive Director	1	-	-	Yes	7	7
3.	Mr. Mohanakrishna Reddy Arvabumi#	Independent & Non-executive Director	8	-	-	Yes	7	7
4.	Mr. E. Prasad Srinivas###	Independent & Non-executive Director	0	-	-	Yes	7	7
5.	Ms. M. Amala##	Independent & Non-executive Director	1	-	-	Yes	7	4
6.	Ms. S. Vijaya Saradhi*	Independent & Non-executive Director	4	-	-	NA	0	0
7.	Mr. Atul Sharma*	Independent & Non-executive Director	0	-	-	NA	0	0
8.	Mrs. Richa Patnaik**	Independent & Non-executive Director	0	-	-	NA	0	0

\* Appointed w.e.f 14.05.2015

\*\* Appointed w.e.f 31.08.2015

# Resigned w.e.f. 14.08.2015

### Resigned w.e.f. 29.08.15

## Resigned w.e.f. 31.08.2015

**B. MEETINGS DURING THE YEAR**

The Board of Directors duly met 7 (seven) times on 30.05.2014, 14.08.2014, 01.09.2014, 14.11.2014, 01.12.2014, 29.01.2015 and 02.03.2015 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

**C. 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 30.03.2015, to discuss:

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

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

As required under clause 49(II)(B)(7) of the listing agreement, the company regularly familiarises 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 details of the familiarisation program is given at company's website ([www.palred.com/Investor Relations](http://www.palred.com/Investor%20Relations))

**2. AUDIT COMMITTEE****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:
  - Any changes in accounting policies and practices;
  - Qualification in draft audit report;
  - Significant adjustments arising out of audit;
  - The going concern concept;
  - Compliance with accounting standards;
  - Compliance with stock exchange and legal requirements concerning financial statements and
  - 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**

Name of the Member	Designation	Category	No. of Meetings held	No. of meetings Attended	Dates on which Meetings Held
Mr.S. Vijaya Saradhi*	Chairman	NED (I)	0	0	30.05.2014
Mr.Atul Sharma*	member	NED (I)	0	0	14.08.2014
Mrs.Richa Patnaik**	member	NED (I)	0	0	14.11.2014
Dr. T. R. Sivarama Krishnan #	Chairman	NED (I)	4	4	29.01.2015
Mr. Mohan Krishna Reddy#	member	NED (I)	4	4	
Mr.E.Srinivas Prasad##	member	NED (I)	4	4	

\*Appointed w.e.f 14.05.2015

\*\* Appointed w.e.f. 31.08.2015

# Resigned w.e.f. 14.08.2015

## Resigned w.e.f. 31.08.2015

- C. Previous Annual General Meeting of the Company was held on 19th September 2014 and Dr. T. R. Sivarama Krishnan, Chairman of the Audit Committee, attended previous AGM.

**3. NOMINATION AND REMUNERATION COMMITTEE**

The Committee comprises of three non-executive independent Directors

**A. BRIEF DESCRIPTION OF TERMS OF REFERENCE**

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

**B. COMPOSITION OF THE COMMITTEE**

S.No	Name of the Member	Designation	Category
1.	Mr.S. Vijaya Saradhi*	Chairman	NED (I)
2.	Mr.Atul Sharma*	Member	NED (I)
3.	Mrs.Richa Patnaik**	Member	NED (I)
4.	Dr. T. R. Sivarama Krishnan #	Chairman	NED (I)
5.	Mr. Mohan Krishna Reddy#	Member	NED (I)
6.	Mr.E.Srinivas Prasad##	Member	NED (I)

\*Appointed w.e.f 14.05.2015

\*\* Appointed w.e.f. 31.08.2015

# Resigned w.e.f. 14.08.2015

## Resigned w.e.f. 31.08.2015

**C. 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 shouldered and individual performance.

**POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE**

## 1. Scope:

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

## 2. Terms and References:

2.1 "Director" means a director appointed to the Board of a Company.

2.2 "Nomination and Remuneration Committee" means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreement.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

## 3. Policy:

## Qualifications and criteria

3.1.1 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.

3.1.2 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.

3.1.3 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.

3.1.4 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.

## 3.2 Criteria of independence

- 3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.
- 3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Clause 49 of the Equity Listing Agreement.
- 3.2.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.
- 3.3 Other directorships/ committee memberships
- 3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- 3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.
- 3.3.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

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

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

##### **1. Scope:**

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

##### **2. Terms and Reference:**

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

- 2.1 “Director” means a director appointed to the Board of the company.
- 2.2 “key managerial personnel” means
- (i) The Chief Executive Office or the managing director or the manager;
  - (ii) The company secretary;
  - (iii) The whole-time director;
  - (iv) The chief finance Officer; and
  - (v) Such other office as may be prescribed under the companies Act, 2013
- 2.3 “Nomination and Remuneration committee” means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and clause 49 of the Equity Listing Agreement.

##### **3. Policy:**

###### **3.1 Remuneration to Executive Director and key managerial personnel**

- 3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
- 3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

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

3.2 Remuneration to Non – Executive Directors

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

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

3.3. Remuneration to other employees

3.3.1. 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.

**D. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2014-15 AND OTHER DISCLOSURES**

Name of the Director	Salary(Rs)	Sitting fees(Rs)	Number of shares held
Mr. PalemSrikanth Reddy	30,00,000	-	29,01,508
Dr.T.R. Sivaramakrishnan	-	-	-
Mr.A.Mohanakrishna Reddy	-	-	-
Mr. E. Prasad Srinivas	-	-	-
Mrs.RichaPatnaik	-	-	-
Mr. S.VijayaSaradhi	-	-	2000
Mr. Atul Sharma	-	-	25000
Ms.M.Amala	-	15000	-

**E. 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, the independent directors of the company had a meeting on 30/03/2015 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

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

The meeting also reviewed and evaluated the performance of non-independent directors. The company has 1 non-independent director namely:

i) Mr. Palem Srikanth Reddy – Chairman & Managing Director

The meeting recognized the significant contribution made by Mr. Palem Srikanth Reddy in directing the Company towards the success path and placing the Company globally in No.2 position in Software testing.

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.

#### 4. **STAKEHOLDER'S RELATIONSHIP COMMITTEE**

##### A) **COMPOSITION:**

The Details of composition of the Committee are given below:

Name of the Member	Position	Category
Mrs. Richa Patnaik**	Chairman	Independent Non-Executive
Mr.S. Vijaya Saradhi*	Member	Independent Non-Executive
Mr. P. Srikanth Reddy	Member	Independent Non-Executive
Ms. M. Amala##	Member	Independent Non-Executive
Dr. T.R.Sivarama Krishnan#	Chairman	Independent Non-Executive
Mr. Mohan Krishna Reddy#	Member	Independent Non-Executive

\*Appointed w.e.f 14.05.2015

\*\* Appointed w.e.f. 31.08.2015

# Resigned w.e.f. 14.08.2015

## Resigned w.e.f. 29.08.2015

##### B. **NAME AND DESIGNATION OF COMPLIANCE OFFICER**

Mr. Palem Srikanth Reddy, Chairman & Managing Director, is the compliance officer of the Company.

##### C. **DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2014-15**

During the financial year 2014-15, no complaints were received from the shareholders.



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

Name of the Member	Position	Category
Mr.Palem Srikanth Reddy	Chairman	Promoter and Executive
Mr.Atul Sharma	Member	Independent Non-Executive
Mr.S. Vijaya Saradhi	Member	Independent Non-Executive

**B) 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.

**6. GENERAL BODY MEETINGS**
**A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:**

NO. OF AGM AND FY	DATE OF MEETING	VENUE	TIME	SPECIAL RESOLUTION PASSED
15th AGM 2013-14	29.09.2014	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	10.00 A.M.	yes
14th AGM 2012-13	27.11.2013	8-2-703/2/B, Plot No.2, Road No. 12, Banjara Hills, Hyderabad, Andhra Pradesh	11.00 A.M.	yes
13th AGM 2011-12	29.09.2012	Chip Auditorium, Cyber Towers, Hitech City, Madhapur, Hyderabad.	10.00 A.M.	No

**B. PASSING OF RESOLUTIONS BY POSTAL BALLOT**

There were no resolutions passed by the Company through postal Ballot.

**7. DISCLOSURES**
**A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the year under review, the Company had not entered in to any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on arms length basis.

**B. COMPLIANCES:**

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

**C. 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.

**D. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT**

All mandatory requirements of Clause 49 of the Listing Agreement have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.

**8. MEANS OF COMMUNICATION**

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website, at [www.palred.com](http://www.palred.com). As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

**9. General Shareholder Information**

The following information would be useful to the shareholders:

**A) SIXTEENTH ANNUAL GENERAL MEETING**

Date and Time : 30th September 2015, at 9.00 A.M

Venue : Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034

**B) FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2015-16 (TENTATIVE SCHEDULE)**

Financial year to which the Annual General Meeting relates: 2014-15

Financial calendar: 2015-16

Adoption of Quarterly results for the Quarter ending

- 30th June, 2015 : 14th August, 2015
- 30th September, 2015 : 1st/2nd Week of November, 2015
- 31st December, 2015 : 1st/2nd Week of February, 2016
- 31st March, 2016 : on or before 30th May 2016

Annual General Meeting (Next year): August / September, 2016

**C) BOOK CLOSURE DATE**

26th September 2015 to 30th September 2015 (both days inclusive)

**D) LISTING ON STOCK EXCHANGES**

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Ltd. The Company has paid the listing fees for the year 2014-15 to both the Stock Exchanges.

**E) STOCK CODE**

EXCHANGE	CODE
National Stock Exchange of India	PALREDTECH
BSE Ltd	532521

**F) ELECTRONIC CONNECTIVITY**

Demat ISIN number :INE218G01017

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound

SenapatiBapatMarg, Lower Parel

Mumbai – 400 013

CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED  
PhirozeJeejeebhoy Towers, 28th Floor  
Dalal Street, Mumbai – 400 023

**G) MARKET PRICE DATA**

The monthly high / low prices of shares of the Company from April, 2014 to March, 2015 at BSE and NSE:

MONTH	BSE		NSE	
	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
Apr 14	16	14.3	16.25	14.55
May 14	16.85	14	16.80	14.00
Jun 14	20.3	15	20.45	15.10
Jul 14	17.5	14.65	17.40	14.50
Aug 14	16.5	13.8	16.50	13.40
Sep 14	18.25	14.7	18.25	15.10
Oct 14	17.2	16	17.30	14.55
Nov 14	26.6	15.15	27.60	13.55
Dec 14	24.8	16.35	24.50	16.40
Jan 15	19.9	15.3	19.70	14.80
Feb 15	19.35	15.75	19.50	15.75
Mar 15	19.1	16.6	19.00	16.50

**H) REGISTRARS AND TRANSFER AGENTS**

M/s. Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500032  
Phone Number: 040-67162222, 67161526,  
Fax: 040-23001153

**I) SHARE TRANSFER SYSTEM**

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee.  
Transfer generally takes 1-2 weeks

**J) Shareholding pattern as on 31.03.2015**

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
a.	Individuals/Hindu Undivided Family	17914508	45.89	0	0
b.	Central Government/State Government(s)	0	0	0	0
c.	Bodies Corporate	0	0	0	0
d.	Financial Institutions/Banks	0	0	0	0
	Others :-	415796	1.07	0	0
	Sub Total (A)(1)	<b>18330304</b>	<b>46.96</b>	0	0

(2)	Foreign				
a.	Individuals (Non Resident Individuals/ Foreign Individuals)	0	0	0	0
b.	Bodies Corporate	0	0	0	0
c.	Institutions	0	0	0	0
	Others :-				
d.	Overseas Corporate Bodies	0	0	0	0
	Sub Total (A)(2)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	<b>18330304</b>	<b>46.96</b>	0	0
(B)	Public Shareholding				
(1)	Institutions				
a.	Mutual Funds/UTI	0	0	0	0
b.	Financial Institutions/Banks	300	0.00	0	0
c.	Central Government/State Government(s)	0	0	0	0
d.	Venture Capital Funds	0	0	0	0
e.	Insurance Companies	0	0	0	0
f.	Foreign Institutional Investors	736022	1.89	0	0
g.	Foreign Venture Capital Investors	0	0	0	0
	Others :-				
	Sub Total (B)(1)	<b>736322</b>	<b>1.89</b>	<b>0</b>	<b>0</b>
(2)	Non-Institutions				
a.	Bodies Corporate	2147647	5.50	0	0
b.	Individuals				
i)	Individual shareholders holding nominal share capital upto Rs.1 lakh	8856740	22.69	0	0
ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	6377350	16.34	0	0
c.	Any Others :-				
i)	Non Resident Individuals	369723	0.95	0	0
ii)	Overseas Corporate Bodies	1084742	2.78	0	0
iii)	Trusts	0	0	0	0
iv)	Employees	0	0	0	0
v)	Clearing Members	23910	0.06	0	0
vi)	Foreign Nationals	1110032	0	0	0
	Sub Total (B)(2)	<b>19970344</b>	<b>51.16</b>	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	20706666	53.04	0	0
	Total (A)+(B)	<b>39036970</b>	<b>100.00</b>	0	0
(C)	Shares held by Custodians and against Depository Receipts have been Issued	0	0	0	0
	Grand Total (A)+(B)+(C)	<b>39036970</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

**K) Distribution of Shareholding as on 31.03.2015**

Range (Rs.) No of	% of Total Shareholders	No of Shareholders	% of Total Shares	Shareholding
upto 1 - 5000	16101	90.42	3898269	9.99
5001 - 10000	790	4.44	1250748	3.20
10001 - 20000	409	2.30	1205577	3.09
20001 - 30000	188	1.06	953799	2.44
30001 - 40000	67	0.38	474459	1.22
40001 - 50000	60	0.34	569246	1.46
50001 - 100000	93	0.52	1359538	3.48
100001 & ABOVE	98	0.55	29325334	75.12
<b>TOTAL</b>	<b>17806</b>	<b>100.00</b>	<b>39036970</b>	<b>100.00</b>

**L) DEMATERIALISATION & LIQUIDITY OF SHARES**

Trading in Company's shares is permitted only in dematerialised form for all investors. The ISIN allotted to the Company's scrip is INE218G01017. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares of the Company are actively traded in BSE Limited and NSE. Hence have good liquidity.

Particulars	No. of Shares	% Share Capital
NSDL	3,39,57,201	86.99
CDSL	50,34,765	12.90
PHYSICAL	45,004	0.11
<b>Total</b>	<b>3,90,36,970</b>	<b>100.00</b>

**M) Address for Correspondence**

Mr. PalemSrikanth Reddy  
Compliance Officer  
Plot No.2, Road No.12,  
Banjarahills, Hyderabad - 34

**N) OTHER DISCLOSURES AS PER CLAUSE 49 OF THE LISTING AGREEMENT**
**i. Code of Conduct**

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

**Certificate of Code of Conduct for the year 2014-15**

PTL is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2014-15.

ii) Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956.

iii) Non-Executive Directors' Compensation and Disclosures

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.

iv) CEO/ CFO Certification

The Managing Director and CEO/ CFO certification of the financial statements for the year 2014-15 is provided elsewhere in this Annual Report.

**For and on behalf of the Board  
Palred Technologies Limited**

**Place: Hyderabad  
Date: 31.08.2015**

**PalemSrikanth Reddy  
Managing Director  
(DIN: 00025889)**



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**CERTIFICATE BY THE MANAGING DIRECTOR AND CFO OF THE COMPANY**

To  
The Board of Directors  
Palred Technologies Limited

Dear Sirs,

As required under clause 49(IX) of the Listing agreement, we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2015 and to the best of our knowledge and belief;
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,
4. That we have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

Yours Sincerely,

Place : Hyderabad  
Date : 31.08.2015

PalemSrikanth Reddy  
Managing Director

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**Compliance Certificate on Corporate Governance**

The Members of  
Palred Technologies Limited  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Palred Technologies Limited, for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.S.Reddy & Associates**  
Company Secretary in whole-time Practice

Sd/-

**S. Sarveswar Reddy**  
Membership No: 12611  
C.PNo.7478

Place: Hyderabad  
Date 31.08.2015



**MGT 9**
**Extract of Annual Return  
as on the Financial Year 31.03.2015**

[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	L72200AP1999PLC033131
ii.	Registration Date	24/12/1999
iii.	Name of the Company	Palred Technologies 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. 8-2-703/2/B, Plot.No.2, Road.No.12, Banjara Hills, Hyderabad, Andhra Pradesh -500034
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone Number : 040-67162222, 67161526, Fax: 040-23001153

**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	Consultancy services related to hardware and software requirements and procurement	99831311	Nil
2	Other IT consulting services n.e.c.	99831319	Nil

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-**

S.No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of sharesheld	Applicable Section
1	Palred Technology Services Private Limited	U72200TG2015PTC097189	Subsidiary Company	100%	2(87)
2	PalredOnline Technologies Private Limited	U22222TG2011PTC073292	Subsidiary Company	100%	2(87)

**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
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	8920607	0	8920607	22.85	17914508	0	17914508	45.89	23.04
Central Govt	0	0	0	0	0	0	0	0	0
State Govt (s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other....	415796	0	415796	1.07	415796	0	415796	1.07	0
<b>Sub-total(A) (1) :-</b>	<b>93,36,403</b>	<b>0</b>	<b>93,36,403</b>	<b>23.92</b>	<b>18330304</b>	<b>0</b>	<b>18330304</b>	<b>46.96</b>	<b>23.04</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) AnyOther....	0	0	0	0	0	0	0	0	0
<b>Sub-total(A) (2):-</b>	0	0	0	0	0	0	0	0	0
<b>Totalshareholding ofPromoter (A) =(A) (1)+(A)(2)</b>	<b>93,36,403</b>	<b>0</b>	<b>93,36,403</b>	<b>23.92</b>	<b>18330304</b>	<b>0</b>	<b>18330304</b>	<b>46.96</b>	<b>23.04</b>
<b>B. PublicShareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	300	0	300	0.00	300	0	300	0.00	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	3949447	0	3949447	10.12	0	0	0	0	0
f) InsuranceCompanies	0	0	0	0	0	0	0	0	0
g) FIIs	243022	0	243022	0.62	736022	0	736022	1.89	1.27
h) ForeignVenture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others(specify)	0	0	0	0	0	0	0	0	0
<b>2. Non Institutions</b>									
a) Bodies Corp.									
i) Indian	1606423	0	1606423	4.12	2147647	0	2147647	5.50	1.38
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	9186119	27740	9213859	23.60	8829000	27740	8856740	22.69	0.91
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	9254784	1062102	10316886	26.43	6377350	0	6377350	16.34	10.09
c) Others (specify)1. NRI	528790	0	528790	1.35	369723	0	369723	0.95	0.4
2. Trusts	900	0	900	0.00	200	0	200	0.00	0
3. Clearing Members	43701	0	43701	0.11	23910	0	23910	0.06	0.05
4. Overseas Corporate Bodies	684795	38041	722836	11.20	0	0	0	0	11.20
5. Foreign Nationals	1460831	17264	1478095	3.79	1092768	17264	1110032	2.84	0.95
6. Foreign Corporate Bodies	1596308	0	1596308	4.09	1084742	0	1084742	2.78	1.31
Sub-total (B)(2):-	23715897	1791901	25507798	65.34	19925340	45004	19970344	51.16	14.18
Total PublicShare holding (B)=(B)(1)+(B)(2)	27908666	1791901	29700567	76.08	20661662	45004	20706666	53.04	23.04
C. Shares held by Custodian forGDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total(A+B+C)</b>	<b>37245069</b>	<b>1791901</b>	<b>39036970</b>	<b>100</b>	<b>38991966</b>	<b>45004</b>	<b>39036970</b>	<b>100</b>	<b>0</b>

(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 Shares	% of Total	Demat	Physical	Total Shares	% of Total	
1.	PalemSrikanth Reddy	8920607	Nil	8920607	22.85	2901508	Nil	2901508	7.43	15.42
2.	G K P Reddi 233095	Nil	233095	0.60	0	Nil	0	0	0.60	
3.	P Soujanya Reddy	179701	Nil	179701	0.46	412796	Nil	412796	1.06	0.6
4.	Dakshayani Reddy	3000	Nil	3000	0.01	3000	Nil	3000	0.01	0
5.	Sanhita Reddy			5000000		Nil	5000000	12.81	—	
6.	Stuthi Reddy			5000000		Nil	5000000	12.81	—	
7.	Supriya Reddy Palem					5000000	Nil	5000000	12.81	—
8.	PalemSrinivas Reddy					13000	Nil	13000	0.03	—

 (iii) **Change in Promoters' Shareholding ( please specify, if there is no change)**

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	
1.	<b>Mr. PalemSrikanth Reddy</b>					
	At the beginning of the year	89,20,607	22.85	29,01,508	7.43	
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment /transfer /bonus/ sweatequityetc): Due to transfer of shares					
	At the End of the year	<b>29,01,508</b>	<b>7.43</b>			
2.	<b>Mr. G K P Reddi</b>					
	At the beginning of the year	2,33,095	0.60	0	0	
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer /bonus/ sweatequityetc) : Due to transmission of shares					
	At the End of the year	<b>0</b>	<b>0</b>			
3.	<b>Ms. P Soujanya Reddy</b>					
	At the beginning of the year	179701	0.46	412796	1.06	
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer /bonus/ sweatequityetc): Due to buying of shares					
	At the End of the year	<b>412796</b>	<b>1.06</b>			
4.	<b>Ms. Sanhita Reddy</b>					
	At the beginning of the year			50,00,000	12.81	
	Date wise Increase /Decrease in Promoters Shareholding during the years pecifying the reasonsfor increase/ decrease (e.g.allotment /transfer /bonus/ sweatequityetc): Due to transfer of shares					
	At the End of the year	<b>50,00,000</b>	<b>12.81</b>			

5.	<b>Ms. Stuthi Reddy</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year			50,00,000	12.81
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer /bonus/ sweat equity etc): Due to transfer of shares				
	At the End of the year	<b>50,00,000</b>	<b>12.81</b>		
6.	<b>Ms. Supriya Reddy Palem</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year			50,00,000	12.81
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer /bonus/ sweat equity etc): Due to transfer of shares				
	At the End of the year	<b>50,00,000</b>	<b>12.81</b>		
7.	<b>Mr. Palem Srinivas Reddy</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year			13,000	0.03
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer /bonus/ sweat equity etc): Due to buying of shares				
	At the End of the year	<b>13,000</b>	<b>0.03</b>		

**(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
1	At the beginning of the year KOTAK MAHINDRA TRUSTEESHIP SERVICES LIMITED-A/C IN	3949447	10.12	0	0
2	ASHISH DHAWAN	1113468	2.85	1342641	3.439409
3	SIX RIVERS GROUP LIMITED	1084742	2.78	1084742	2.778756
4	JOERGEN NIELSEN	745000	2.72	0	0
5	AMOL SHARAD CHAUHAN	700000	1.91	745000	1.908447
6	PARLE BISCUITS PRIVATE LIMITED	561300	1.79	700000	1.793172
7	PRAKASH TRYAMBAK JOSHI	531252	1.44	500095	1.28108
8	KEEN WHYEE LEE	531051	1.36	531252	1.360895
9	FH HOLDINGS APS	530000	1.36	0	0
10	MANAN NALIN SHAH	1062102	1.36	0	0
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): <b>NIL</b>					
	At the End of the year				
	KUNDA PRAKASH JOSHI	525000	1.34	500100	1.28
	TEO SER LUCK	341516	0.87	341516	0.87
	BHAKTI JOSHI	400000	1.02	200150	0.51
	MATHEW CYRIAC	408902	1.04	158902	0.40

**(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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Palem Srikanth Reddy</b>				
	At the beginning of the year	89,20,607	22.85		
	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): Due to transfer of shares				
	At the End of the year	29,01,508	7.43		

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.no.	Particulars of Remuneration	Name of MD/WTD/ Manager: <b>Mr. Palem Srikanth Reddy</b>			Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	30,00,000			30,00,000
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission- as % of profit- Others, specify...	-	-	-	
5.	Others, please specify	-	-	-	
6.	Total (A)	-	-	-	30,00,000
7.	Ceiling as per the Act				

**B. Remuneration to other directors:**

Sl.no.	Particulars of Remuneration	Name of Director				Total	Amount
		Amala M					
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	15,000	-	-	-	15,000	15,000
	Total (1)	15,000	-	-	-	15,000	15,000
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • commission • Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	15,000	-	-	-	-	-
	Total Managerial Remuneration	15,000	-	-	-	-	-
	Overall Ceiling as per the Act						

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl.no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Haritha Varanasi)	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	3,00,000	-	300000
2.	Stock Option				
3.	Sweat Equity				
4.	Commission- as % of profit- others, specify...				
5.	Others, please specify				
6.	Total		3,00,000		3,00,000

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the	Brief Companies Act	Details of Description	Authority Penalty / Punishment / Compounding fees imposed	Appeal [RD / NCLT / COURT]	made, if any (give Details)
<b>A.</b>	<b>COMPANY</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
<b>B.</b>	<b>DIRECTORS</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-

**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors  
M/s Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.  
Yours Faithfully,

Date:31/08/2015  
Place: Hyderabad

RichaPatnaik  
(Independent director)

**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors  
M/s Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date:14/05/2015  
Place: Hyderabad

S.Vijaya Saradhi  
(Independent director)



**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors  
M/s Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.  
Yours Faithfully,

Date:14.05.2015  
Place: Hyderabad

Atul Sharma  
(Independent director)

## FORM MR-3

## SECRETARIAL AUDIT REPORT

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

To  
The Members of  
M/s. Palred Technologies Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Palred Technologies 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, we hereby report that in our opinion, the company has, during the financial year commencing from 1<sup>st</sup> April, 2014 and ended 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technologies Limited ("The Company") for the financial year ended on 31<sup>st</sup> March, 2015, according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12<sup>th</sup> September, 2013 and sections and Rules notified and came in to effect from 1<sup>st</sup> April, 2014;
  - ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
  - v. The Securities and Exchange Board of India Act, 1992 ("SEBI Act")
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - vii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. We have also examined compliance with the applicable clauses of the following:
  - i. Secretarial Standards issued by the Institute of Company secretaries of India under the provisions of Companies Act, 1956 and
  - ii. The Listing Agreements entered into by the Company with BSE Limited and NSE Limited;
4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

**OBSERVATIONS:**

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
- (i) The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
  - (ii) External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - (iii) Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
  - (iv) Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
  - (v) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) We further report that the company has not appointed CFO during year.

For S.S. Reddy & Associates

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

Place: Hyderabad  
Date:31.08.2015

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**Annexure A**

To  
The Members of  
M/s. Palred Technologies Limited

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

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

For S.S. Reddy & Associates

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

Place: Hyderabad  
Date:31.08.2015

**Independent Auditor's Report****To the Members of Palred Technologies Limited****Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Palred Technologies Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the 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 auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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 Holding 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements of the subsidiary, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matter**

9. We did not audit the financial statements of a subsidiary, included in the consolidated financial statements, whose financial statements reflect total assets of ₹9,163,412 as at 31 March 2015, total revenues ₹Nil and net cash flows amounting to ₹9,020,912 for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditors.

#### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
11. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiary companies, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors;
  - c) the consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
  - e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) as detailed in note 25, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
    - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) there was a delay in transferring the amount required to be transferred to the Investor Education and Protection Fund by the Holding Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time, however, the same was corrected during the year. Further, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the subsidiary companies.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place: Hyderabad  
Date: 14 May 2015

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2015**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in the auditor's reports of the subsidiary companies, we report that:

- (i) (a) The Holding Company and a subsidiary company have maintained proper records showing full particulars, including quantitative details and situation of fixed assets. Further, a subsidiary company does not have any fixed assets. Accordingly the provisions of clause 3(i) of the Order are not applicable.
- (b) The fixed assets have been physically verified by the management of the Holding Company and a subsidiary company during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of these companies and the nature of their assets.
- (ii) (a) The management of the Holding Company and a subsidiary company have conducted physical verification of inventory at reasonable intervals during the year. Further, a subsidiary company does not have inventory during the year, accordingly provisions of clause 3(ii) of the Order are not applicable to this company.
- (b) The procedures of physical verification of inventory followed by the management of the Holding Company and a subsidiary company are reasonable and adequate in relation to the size of these companies and the nature of their business.
- (c) The Holding Company and a subsidiary company are maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Holding Company and subsidiary companies have not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2015**

- (iv) There is an adequate internal control system commensurate with the size of the Holding Company and the subsidiary companies and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods. No major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Holding Company and subsidiary companies have not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) In respect of the products of the Holding Company and subsidiary companies, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) In respect of the Holding Company and a subsidiary company, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been delays in few cases. Further, a subsidiary company is regular in depositing these dues, as applicable, with the appropriate authorities. No undisputed amounts payable in respect thereof in Holding Company and subsidiary companies were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute in the case of the Holding Company, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	60,939,060	-	Financial year 2007-08	Income Tax Appellate Tribunal, Hyderabad
		19,023,393	-	Financial year 2008-09	Income Tax Appellate Tribunal, Hyderabad
		20,871,270	4,174,253	Financial year 2009-10	Income Tax Appellate Tribunal, Hyderabad

Further, with respect to subsidiary companies, there are no dues in respect of income- tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2015**

- (c) The Holding Company has delayed in transferring the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time, however, the same was corrected during the year. In respect of the subsidiary companies, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.
- (viii) The Holding Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year. Further, subsidiary companies have been registered for a period of less than five years. Accordingly, the provisions of clause 3(viii) of the Order are not applicable for these companies.
- (ix) The Holding Company and the subsidiary companies have no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) The Holding Company and the subsidiary companies have not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) The Holding Company and the subsidiary companies did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- (xii) No fraud on or by the Holding Company and subsidiary companies have been noticed or reported during the period covered by the audit.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place: Hyderabad  
Date: 14 May 2015



**Palred Technologies Limited**  
**Consolidated Balance Sheet as at 31 March 2015**  
 (All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2015
<b>I. Equity and liabilities</b>		
<b>(1) Shareholders' funds</b>		
(a) Share capital	4	195,184,850
(b) Reserves and surplus	5	701,424,040
<b>Total shareholders' funds</b>		<b>896,608,890</b>
(2) Minority interest		26,044,000
<b>(3) Non-current liabilities</b>		
(a) Long-term provisions	6	116,599
(b) Deferred tax liabilities	7	113,993
<b>Total non-current liabilities</b>		<b>230,592</b>
<b>(4) Current liabilities</b>		
(a) Trade payables	8	7,515,159
(b) Other current liabilities	9	16,457,816
(c) Short-term provisions	10	79,065
<b>Total current liabilities</b>		<b>24,052,040</b>
	<b>Total</b>	<b>946,935,522</b>
<b>II. Assets</b>		
<b>(1) Non-current assets</b>		
<b>(a) Fixed assets</b>		
-Tangible assets	11	8,545,779
-Intangible assets	12	24,903,821
		<b>33,449,600</b>
(b) Long-term loans and advances	13	36,248,648
<b>Total non-current assets</b>		<b>69,698,248</b>
<b>(2) Current assets</b>		
(a) Inventories	14	46,619,726
(b) Current investments	15	797,696,375
(c) Cash and bank balances	16	20,315,242
(d) Short-term loans and advances	17	6,813,986
(e) Other current assets	18	5,791,945
<b>Total current assets</b>		<b>877,237,274</b>
	<b>Total</b>	<b>946,935,522</b>

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants

per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Mohan Krishna Reddy**  
Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

**Palred Technologies Limited**
**Consolidated Statement of Profit and Loss for the year ended 31 March 2015**

(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March 2015
I Revenue from operations	19	70,498,470
II Other income	20	65,051,378
<b>III Total revenue</b>		<b>135,549,848</b>
IV Expenses		
Purchases of stock-in-trade		69,000,210
Changes in inventories of stock-in-trade	21	(44,637,453)
Employee benefits expense	22	22,186,992
Finance costs	23	98,037
Depreciation and amortization	11,12	4,367,900
Other expenses	24	75,460,508
<b>V Total expenses</b>		<b>126,476,194</b>
<b>VI Profit before tax</b>		<b>9,073,654</b>
VII Tax expense		
Current tax		-
Deferred tax benefit		113,994
<b>VIII Profit for the year after tax</b>		<b>8,959,660</b>
<b>IX Profit for the year before minority interest</b>		<b>8,959,660</b>
Minority interest (share of loss)		(3,554,616)
<b>X Profit after minority interest</b>		<b>12,514,276</b>

**Earnings per equity share [EPES]**

Basic and diluted EPES	0.32
Weighted average number of equity shares considered in calculating basic and diluted EPES	39,036,970
Par value of equity shares	5

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

 For **Walker Chandiok & Co LLP**  
Chartered Accountants

 For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

 per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

<b>Palem Srikanth Reddy</b>	<b>Mohan Krishna Reddy</b>
Chairman and Managing Director	Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

**Palred Technologies Limited**
**Consolidated Cash Flow Statement for the year ended 31 March 2015**

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March 2015
<b>Cash flows from operating activities</b>	
Profit before tax	9,073,654
Adjustments for:	
- Dividends from non-trade current investments	(62,863,180)
- Depreciation and amortization expense	4,367,900
- Employee benefits	151,008
<b>Operating loss before working capital changes</b>	<b>(49,270,618)</b>
Movements in working capital:	
-Decrease in trade receivables	1,182,192
-Increase in short-term loans and advances	(4,570,568)
-Increase in long-term loans and advances	(2,532,661)
-Decrease in other current assets	896,330
-Decrease in other non-current assets	16,740
-Increase in current liabilities	6,687,460
-Increase in inventories	(33,917,414)
-Decrease in short-term provisions	(21,236)
-Increase in trade payables	5,063,970
<b>Cash used in operations</b>	<b>(76,465,805)</b>
Income taxes paid	-
<b>Net cash used in operating activities (A)</b>	<b>(76,465,805)</b>
<b>Cash flows from investing activities</b>	
-Purchase of fixed assets	(8,501,787)
-Cash acquired at the acquisition of subsidiaries	13,965,614
-Proceeds from deposits	192,306
-Proceeds from mutual funds	23,641,064
-Dividend received from non-trade investment	62,863,180
<b>Net cash generated from investing activities (B)</b>	<b>92,160,377</b>
<b>Cash flows from financing activities</b>	
-Contribution received from minority	100,000
<b>Net cash generated from financing activities (C)</b>	<b>100,000</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>15,794,572</b>
Cash and cash equivalents at the beginning of the year	2,413,925
<b>Cash and cash equivalents at the end of the year [refer note 16]</b>	<b>18,208,497</b>

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants

per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Mohan Krishna Reddy**  
Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### 1. Company Overview

Palred Technologies Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company is head quartered in Hyderabad, India and the Company's equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). Palred Technologies Limited together with its subsidiaries (collectively referred to as "Group") is engaged into providing IT solutions and IT services for media and entertainment and online e-commerce portals and trading online in computers, mobiles, electronic products, and computer peripherals.

#### 2. Summary of significant accounting policies

##### (a) Basis of consolidation

The consolidated financial statements of the Group are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India ('Indian GAAP') and comply in all material respects with the Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India ('ICAI'). The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Companies' separate financial statements.

Pursuant to the enactment of the Act, effective 1 April 2014 the Group has adopted Schedule III to the Act, for preparation and presentation of the consolidated financial statements. In relation to the Group, the adoption of Schedule III neither impact recognition and measurement principles followed in preparation nor presentation and disclosures made in the consolidated financial statements.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of business, the Group has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

Investments in consolidated entities, except where such investments are acquired with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined under AS 21 'Consolidated Financial Statements', on a line by line basis. Inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated on consolidation. The following companies have been considered for the purpose of preparation of consolidated financial statements:

Name of the company	Country	Relationship	% of holding
			As at 31 March 2015
Palred Online Technologies Private Limited (POT)	India	Subsidiary	77.00
Palred Technology Services Private Limited (PTS)	India	Subsidiary	99.00

##### (b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Examples of such estimates include diminution in the value of long-term investments, impairment of goodwill, income taxes, future obligation under employee benefit plans and estimated useful lives of tangible and intangible assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### (c) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Gain or losses arising from derecognition of an fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### (d) Depreciation on tangible assets

Depreciation is provided using the written down value method over the useful lives of the fixed assets, as prescribed under Schedule II to the Act.

#### (e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which is expenditure is incurred.

Intangible assets are amortized on a straight-line method based on useful life of assets i.e. 5 years.

#### (f) Goodwill

Goodwill represents the excess of purchase consideration over the Company's share of net assets at the time of acquisitions of share in subsidiaries. Goodwill is evaluated periodically for impairment and impairment losses are recognized where applicable.

#### (g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### (h) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### (i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

#### (j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### (k) Revenue recognition

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

##### *Sale of goods*

Sales of stock-in-trade represents revenue from the sale of products, net of cash discounts, rebates and returns. The sales are recorded when the products are shipped and all the significant risks and rewards of ownership of the goods have passed to the customers.

##### *Dividends*

Income from dividend is recognized when the Group's right to receive payment is established by the reporting date.

#### (l) Foreign currency transactions

##### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transactions.

##### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

##### *Exchange differences*

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### (m) Retirement and other employee benefits

##### *Provident fund*

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

##### *Gratuity*

Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur.

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### (n) Employee stock option scheme and Sweat equity shares

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on 'Accounting for Employee Share-based Payments', issued by the ICAI. The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to statement of profit and loss on straight-line method over the vesting period of the options. The market value of the sweat equity shares issued for consideration other than cash is recognized as deferred employee shares compensation and is charged to statement of profit and loss.

#### (o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

#### (p) Earnings per equity share

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

For the purpose of calculating diluted earnings per equity share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

#### (q) Provisions and contingent liabilities

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### (r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**Palred Technologies Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ except otherwise stated)

**3. Change in accounting estimate**

Hitherto, depreciation on all tangible fixed assets except for building was provided on written down value method over the estimated useful lives using the rates prescribed under erstwhile Schedule XIV of the Companies Act, 1956. Effective 1 April 2014, in accordance with the requirements to Schedule II to the Act, the Group has re-assessed the useful lives and adopted the useful lives as prescribed under Schedule II to the Act.

Had the Group continued to use the earlier estimate for depreciation of all tangible assets, the profit for the year ended 31 March 2015 would have been higher by ₹1,087,808 and further an amount of ₹214,712 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life is nil as at 1 April 2014 in accordance with Schedule II to the Act.

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**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**4. Share capital**

	As at 31 March 2015
<b>Authorized share capital</b>	
56,077,600 equity shares of ₹5 each *	280,388,000
696,120 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000
<b>Issued, subscribed and fully paid-up equity shares</b>	
39,036,970 equity shares of ₹5 each *	195,184,850
<b>Total issued, subscribed and fully paid-up equity share capital</b>	<b>195,184,850</b>

\* refer note 31 to the consolidated financial statements

**(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

	As at 31 March 2015	
	Number of shares	Amount
At the beginning of the year	39,036,970	195,184,850
Issued during the year	-	-
Balance at the end of the year	<b>39,036,970</b>	<b>195,184,850</b>

**(b) Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting, except in case of interim dividend.

**(c) Details of Shareholders holding more than 5% shares in the Company**

	31 March 2015	
	Number of shares	% of holding
Stuthi Reddy	5,000,000	12.81%
Supriya Reddy Palem	5,000,000	12.81%
Sanhita Reddy	5,000,000	12.81%
Palem Srikanth Reddy	2,901,508	7.43%

As per records of the Company's share transfer agent, and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Shares reserved for issue under options**

- (i) The Company has established Four Soft Limited Employees Welfare Trust (the 'Trust') to administer the ESOP Scheme and as at 31 March 2015 had issued 1,170,200 equity shares of ₹5 each. Pursuant to the ESOP Scheme the Trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31 March 2015 the total shares held by the Trust is Nil. Mode of settlement of these stock options is equity. The Company did not have an outstanding stock options during the year ended 31 March 2015.
- (ii) The stock compensation amortization expenses during the year ended 31 March 2015 amounted to Nil.
- (iii) The Board of Directors of POT has issued 2,000,000 sweat equity shares at ₹10 per share for consideration other than cash to the Directors of POT.

**5. Reserves and Surplus**

	As at 31 March 2015
<b>Securities premium account</b>	
Balance as at 1 April 2014	651,290,186
Additions during the year	-
<b>Closing balance</b>	<b>651,290,186</b>
<b>Capital reserve</b>	
Balance as at 1 April 2014	14,280,000
<b>Closing balance</b>	<b>14,280,000</b>

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

	As at 31 March 2015
<b>Sweat equity shares outstanding account</b>	
Balance as at 1 April 2014	-
Add: Gross compensation during the year	20,000,000
<b>Closing balance</b>	<b>20,000,000</b>
<b>General reserve</b>	
Balance as at 1 April 2014	132,524,353
<b>Closing balance</b>	<b>132,524,353</b>
<b>Deficit in statement of profit and loss</b>	
Balance as at 1 April 2014	(128,970,063)
Add: Net profit during the year	12,514,276
Less: Adjustment on account of change in useful lives of fixed assets (refer note 3)	(214,712)
<b>Closing balance</b>	<b>(116,670,499)</b>
<b>Total reserves and surplus</b>	<b>701,424,040</b>

**6. Long-term provisions**

	As at 31 March 2015
Provision for gratuity	116,599
	<b>116,599</b>

**7. Deferred tax liabilities, net**

	As at 31 March 2015
<b>Deferred tax liability</b>	
Fixed assets	137,943
<b>Deferred tax asset</b>	
Employee benefits	23,950
<b>Net deferred tax liability</b>	<b>113,993</b>

**8. Trade payables**

There are no micro and small enterprises, as defined under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Group owes dues as at the reporting date. The micro and small enterprises have been identified by management on the basis of information available with the Group and have been relied upon by the auditors.

**9. Other current liabilities**

	As at 31 March 2015
Unpaid dividends*	2,107,420
Statutory dues	1,912,661
Liabilities for expenses	11,320,823
Other liabilities	1,116,912
	<b>16,457,816</b>

\* The Company has transferred ₹173,898 to Investor Education and Protection Fund relating to dividend payable for the year 2005-06 upon expiry of 7 years from the date they remain unclaimed.

**10. Short-term provisions**

	As at 31 March 2015
<b>Provision for employee benefits:</b>	
- gratuity	419
- leave travel allowances	78,646
	<b>79,065</b>

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**11. Tangible assets**

	Computers	Office equipment	Furniture and fixture	Vehicles	Total
<b>Gross block</b>					
As at 1 April 2014	1,452,337	1,346,964	4,790,532	-	7,589,833
Additions	1,745,903	521,718	3,190,912	55,058	5,513,591
Additions on acquisitions of subsidiary	259,006	54,000	292,270	-	605,276
Disposals	-	-	-	-	-
<b>As at 31 March 2015</b>	<b>3,457,246</b>	<b>1,922,682</b>	<b>8,273,714</b>	<b>55,058</b>	<b>13,708,700</b>
<b>Accumulated depreciation</b>					
Upto 1 April 2014	520,515	510,770	895,361	-	1,926,646
Charge for the year	1,139,733	324,097	1,548,555	9,178	3,021,563
Adjustments	19,792	191,630	3,290	-	214,712
On disposals	-	-	-	-	-
<b>Upto 31 March 2015</b>	<b>1,680,040</b>	<b>1,026,497</b>	<b>2,447,206</b>	<b>9,178</b>	<b>5,162,921</b>
<b>Net block</b>					
As at 31 March 2015	1,777,206	896,185	5,826,508	45,880	8,545,779

**12. Intangible assets**

	Goodwill	Computer Software	Internally developed software	Total
<b>Gross block</b>				
As at 1 April 2014	-	1,444,899	-	1,444,899
Additions	21,620,434	2,988,194	-	24,608,628
Additions on acquisitions of subsidiary	-	-	250,000	250,000
<b>As at 31 March 2015</b>	<b>21,620,434</b>	<b>4,433,093</b>	<b>250,000</b>	<b>26,303,527</b>
<b>Accumulated amortization</b>				
Upto 1 April 2014	-	53,369	-	53,369
Charge for the year	-	1,096,337	250,000	1,346,337
On disposals	-	-	-	-
<b>Upto 31 March 2015</b>	<b>-</b>	<b>1,149,706</b>	<b>250,000</b>	<b>1,399,706</b>
<b>Net block</b>				
As at 31 March 2015	21,620,434	3,283,387	-	24,903,821

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**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**13. Long-term loans and advances**

	As at 31 March 2015
<b>(Unsecured, considered good)</b>	
Advance tax (net of provision of tax amounting to ₹351,501,858)	31,235,895
MAT credit receivable	547,000
Deposit with statutory authorities	4,174,253
Security deposits	291,500
<b>Total long-term loans and advances</b>	<b>36,248,648</b>

**14. Inventories**

	As at 31 March 2015
<b>Valued at lower of cost or net realisable value</b>	
Stock-in-trade	46,619,726
<b>Total inventories</b>	<b>46,619,726</b>

**15. Current Investments**

	As at 31 March 2015
<b>Non-trade investments (at lower of cost or fair value)</b>	
<b>Investments in mutual funds (quoted) (Market value: ₹797,693,750)</b>	
27,160 units of Axis Liquid Fund-Daily Dividend Reinvestment Plan	27,168,873
8,024,809 units of IDFC Banking Debt Fund	81,064,210
20,947,763 units of IDFC Arbitrage Fund -Dividend Regular Plan	266,380,139
516,098 units of IDFC Fund - Growth Direct Plan	12,363,333
6,046,043 units of Edelweiss Arbitrage Fund Direct Plan Dividend Option - Reinvestment	62,614,029
23,859,896 units of Kotak Equity Arbitrage Fund	260,561,990
4,736,660 units Kotak Equity Arbitrage Fund- Monthly Dividend-Reinvest	48,273,300
860,163 units IDFC Mutual Fund- Super saver Income-Medium term	25,476,797
151,793 units Birla Sunlife Cash Plus Liquid Fund	13,791,079
<b>Aggregate amount of quoted investments</b>	<b>797,693,750</b>
<b>Investment in wholly owned subsidiary (unquoted)</b>	
10,000,000 equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625
<b>Aggregate amount of unquoted investments</b>	<b>2,625</b>
	<b>797,696,375</b>

\* The Company has applied for liquidation of Four Soft Sdn.Bhd., Malaysia during the previous year.

**16. Cash and bank balances**

	As at 31 March 2015
<b>Cash and cash equivalents</b>	
Cash on hand	56,670
Balances with banks in current accounts	18,142,140
Fixed deposits with original maturity of less than three months	9,687
<b>Total cash and cash equivalents (a)</b>	<b>18,208,497</b>
<b>Other bank balances</b>	
Balance in unpaid dividend account (year: 2008-09)	93,536
Balance in unpaid dividend account (year: 2013-14)	2,013,209
<b>Total other bank balances (b)</b>	<b>2,106,745</b>
<b>Total cash and bank balances (a)+(b)</b>	<b>20,315,242</b>

**Palred Technologies Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**17. Short-term loans and advances**

	As at 31 March 2015
<b>Unsecured, considered good</b>	
Prepaid expenses	339,605
Vendor and employee advances	4,455,123
Security deposit	1,985,000
Others	34,258
	<b>6,813,986</b>

**18. Other current assets**

	As at 31 March 2015
<b>Unsecured, considered good</b>	
Interest accrued on fixed deposits	13,344
Due from collection agency	5,778,601
	<b>5,791,945</b>

**19. Revenue from operations**

	For the year ended 31 March 2015
Sale of stock-in-trade	70,498,470
	<b>70,498,470</b>

**20. Other income**

	For the year ended 31 March 2015
Dividend income from non-trade investments	62,863,180
Miscellaneous income	2,188,198
	<b>65,051,378</b>

**21. Changes in inventories of stock-in-trade**

	For the year ended 31 March 2015
Stock at beginning of the year	1,982,273
Less: Closing stock	(46,619,726)
	<b>(44,637,453)</b>

**Details of traded goods purchased:**

	For the year ended 31 March 2015
Mobile accessories	55,093,131
Computer and tablet accessories	10,743,663
Others	3,163,416
	<b>69,000,210</b>

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**Palred Technologies Limited**  
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**22. Employee benefit expense**

	For the year ended 31 March 2015
Salaries and wages	20,118,923
Contribution to provident and other funds	774,213
Gratuity and leave travel allowances	127,285
Staff welfare expenses	1,166,571
	<b>22,186,992</b>

**23. Finance costs**

	For the year ended 31 March 2015
Bank charges	98,037
	<b>98,037</b>

**24. Other expenses**

	For the year ended 31 March 2015
Rent	2,806,116
Rates and taxes	2,476,774
Office maintenance	7,276,032
Advertisement and recruitment	25,343,086
Business promotion	2,203,653
Communication	263,901
Delivery charges	17,551,002
Freight	53,387
Hosting expenses	1,828,083
Packing material	2,207,107
Postage and courier	737,746
Insurance	167,567
Power and fuel	983,066
Refund expenses	815,743
Travelling and conveyance	2,261,541
Legal and professional expenses	5,055,394
Donations	310,000
Payments to auditor (refer note (a))	1,336,012
Service tax receivable written-off	706,277
Other expenses	1,078,021
	<b>75,460,508</b>

**(a) Payments to auditor**

	For the year ended 31 March 2015
<b>Payments to auditor</b>	
- as auditor	1,298,923
- other services	30,337
- reimbursement of expenses	6,752
	<b>1,336,012</b>

**Palred Technologies Limited**  
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**25. Contingent Liabilities**

	For the year ended 31 March 2015
(a) Claims against company not acknowledged as debt	
(i) Matters under dispute pertaining to Income taxes*	100,833,723

\* Claims against the Company not acknowledged as debts include demand from the Income tax authorities for payment of additional tax amounting to ₹100,833,723 for the assessment years 2008-09, 2009-10 and 2010-11. The claims arose on account of transfer pricing adjustments and bad debts written-off. The matter for these assessment years are pending before the Income Tax Appellate Tribunal and based on the recent positive intimations received by the Company, the management believes that the ultimate outcome of this proceeding will not have an adverse effect on the Company's financial position and results of operations.

**26. Expenditure in foreign currency (on accrual basis)**

	For the year ended 31 March 2015
Advertisement expenses	5,950,452
Hosting charges	1,949,477
Travel expense	449,722
Purchase of stock-in-trade	36,941,240
Other expenses	39,230
	<b>45,330,121</b>

**27. Value of imports calculated on CIF basis**

	For the year ended 31 March 2015
Stock-in-trade	36,941,240
	<b>36,941,240</b>

**28. Related party disclosures**

**(a) Name of related parties and nature of relationship**

Names of the related party	Nature of relationship
Mr. Palem Srikanth Reddy	Key management personnel (KMP)
Sonata Information Technology Limited	Enterprises significantly influenced by KMP or their relatives
Supriya Reddy	Relatives of KMP

**(b) Nature of transactions and year end balances**

	For the year ended 31 March 2015
<b>Mr.Palem Srikanth Reddy</b>	
-Remuneration	2,935,200
-Sweat equity shares	20,000,000
<b>Supriya Reddy</b>	
-Security deposit	1,200,000
-Office rent	2,696,640
<b>Sonata Information Technology Limited</b>	
-Purchase of computer software	1,356,020
	<b>As at 31 March 2015</b>
<b>Balance receivables</b>	
<b>Supriya Reddy</b>	
-Security deposit	1,200,000

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**29. Gratuity**
**Defined benefit plan – gratuity**

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The following tables summarize the components of net employee benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity.

**Change in obligation at the end of the year**

	As at 31 March 2015
Obligation at the beginning of the year	44,656
Current service cost	158,758
Interest cost	4,032
Recognized net actuarial (gain)	(90,428)
<b>Obligation at the end of the year</b>	<b>117,018</b>

**Amount recognized in the statement of profit and loss**

	For the year ended 31 March 2015
Current service cost	158,758
Interest cost on benefit obligation	4,032
Expected return on plan assets for the year	-
Net actuarial (gain)/losses recognised	(90,428)
	<b>72,362</b>

**The assumptions used in accounting for the gratuity plan are set out as below:**

	As at 31 March 2015
Discount rate	7.89%
Salary escalation	5.00%
Attrition rate	17.00%

The Company has not invested the accrued liability as of 31 March 2015. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

**30. Mergers**

The Board of Directors at its meeting held on 24 January 2014, had approved the draft composite scheme of arrangement for the merger of 'Palred Media And Entertainment Private Limited' and 'Pal Premium Online Media Private Limited' with Palred Technologies Limited with effect from 30 November 2013 and was in the process of obtaining requisite regulatory approvals. During the year ended 31 March 2015, the Company has cancelled the scheme of arrangement for the merger.

**31. Capital reduction**

Subject to requisite regulatory approvals, the Board of Directors at its Meeting held on 1 December 2014 and the members of the Company at their extra-ordinary meeting held on 4 April 2015 approved 60% reduction in the issued, subscribed and paid-up share capital of the Company. Upon the above extinguishment, the issued, subscribed and paid-up share capital of the Company amounting to ₹195,181,850 divided into 39,036,970 equity shares shall be reduced to ₹78,073,940 divided into 15,614,788 equity shares and the shareholders of the Company shall be paid a sum of ₹16.50 per share cancelled.



**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**32. Segment reporting**

Pursuant to the sale of the transportation and logistics software products business, the management of the Company based on the Company's new business model and considering the internal financial reporting has identified "Trading in computer peripherals" as the only reportable segment. Further, all operations of the Company are based only in India and hence, no separate financial disclosures have been provided for the segment reporting.

**33. Acquisition**

The effect of acquisition of subsidiary on the financial position and results as included in the consolidated financial statements as at and for the year ended 31 March 2015 are given below:

	31 March 2015
<b>Equity and Liabilities</b>	
Share capital	139,956,520
Reserves and surplus	(2,783,341)
Long-term provisions	73,586
Deferred tax liabilities	113,993
Trade payables	7,471,747
Other current liabilities	11,487,654
Short-term provisions	231
	<b>156,320,390</b>
<b>Assets</b>	
Fixed assets	3,539,736
Inventories	46,619,726
Current investments	87,541,176
Cash and bank balances	6,830,515
Short-term loans and advances	6,010,636
Other current assets	5,778,601
	<b>156,320,390</b>
<b>Revenue</b>	
Revenue from operations	60,616,007
Other income	2,906,104
<b>Expenses</b>	
Purchases of stock-in-trade	52,828,491
Changes in inventories of stock-in-trade	(35,265,166)
Employee benefits expense	8,598,486
Finance costs	41,977
Depreciation and amortization	717,926
Other expenses	52,491,406
<b>Loss before tax</b>	<b>(15,891,009)</b>
Tax expense	113,993
<b>Loss for the year after tax</b>	<b>(16,005,002)</b>

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**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

34. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act.

	As at 31 March 2015		For the year ended 31 March 2015	
	Net assets (i.e., total assets-total liabilities)		Share in profit or loss	
	As % of Consolidated net assets	Amount	As % of Consolidate d profit or	Amount
Parent	99%	890,023,787	207%	25,929,173
Subsidiaries				
Indian				
Palred Online Technologies Private Limited	15%	137,173,179	-128%	(16,005,002)
Palred Technology Services Private Limited	1%	9,135,489	-8%	(964,511)
Minority interest	-3%	(26,044,000)	28%	3,554,616
<b>Total</b>	<b>113%</b>	<b>1,010,288,455</b>	<b>100%</b>	<b>12,514,276</b>
Consolidation adjustments	-13%	(113,679,565)	0%	-
<b>Net amount</b>	<b>100%</b>	<b>896,608,890</b>	<b>100%</b>	<b>12,514,276</b>

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Act.

**35. Comparatives**

The Company did not have a subsidiary for the year ended 31 March 2014 and hence the consolidated financial statements as at 31 March 2014 and for the year then ended was not prepared.

36. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants

per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Mohan Krishna Reddy**  
Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

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## Independent Auditor's Report

### To the Members of Palred Technologies Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Palred Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. as detailed in Note 27 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there was a delay in transferring the amount required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time, however, the same was corrected during the year.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**

Partner

Membership No.: 207660

Place: Hyderabad

Date: 14 May 2015

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the financial statements for the year ended 31 March 2015**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the financial statements for the year ended 31 March 2015**

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount Paid Under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	60,939,060	-	Financial year 2007-08	Income Tax Appellate Tribunal, Hyderabad
		19,023,393	-	Financial year 2008-09	Income Tax Appellate Tribunal, Hyderabad
		20,871,270	4,174,253	Financial year 2009-10	Income Tax Appellate Tribunal, Hyderabad

(c) There was a delay in transferring the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time, however, the same was corrected during the year.

(viii) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. Further, the Company has not incurred cash losses in the current and the immediate preceding financial year.

(ix) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.

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**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the financial statements for the year ended 31 March 2015**

- (xi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad  
Date : 14 May 2015

**Palred Technologies Limited**  
**Balance Sheet as at 31 March 2015**  
 (All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March	
		2015	2014
<b>I. Equity and liabilities</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	4	195,184,850	195,184,850
(b) Reserves and surplus	5	694,838,937	669,124,476
<b>Total Shareholders' funds</b>		<b>890,023,787</b>	<b>864,309,326</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term provisions	6	43,013	35,852
<b>Total non-current liabilities</b>		<b>43,013</b>	<b>35,852</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	7	20,840	2,052,651
(b) Other current liabilities	8	4,964,812	5,886,335
(c) Short-term provisions	9	78,834	8,804
<b>Total current liabilities</b>		<b>5,064,486</b>	<b>7,947,790</b>
	<b>Total</b>	<b>895,131,286</b>	<b>872,292,968</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
-Tangible assets	10	6,165,295	5,663,187
-Intangible assets	11	2,124,137	1,391,530
		<b>8,289,432</b>	<b>7,054,717</b>
(b) Non-current investment	12	135,300,000	-
(c) Long-term loans and advances	13	36,248,648	33,715,987
<b>Total non-current assets</b>		<b>179,838,080</b>	<b>40,770,704</b>
<b>(2) Current assets</b>			
(a) Inventories	14	-	1,982,273
(b) Current investments	15	710,155,201	821,337,439
(c) Trade receivables	16	-	1,182,192
(d) Cash and bank balances	17	4,463,815	5,110,994
(e) Short-term loans and advances	18	660,849	1,831,816
(f) Other current assets	19	13,341	77,550
<b>Total current assets</b>		<b>715,293,206</b>	<b>831,522,264</b>
	<b>Total</b>	<b>895,131,286</b>	<b>872,292,968</b>

The accompanying notes 1 to 38 are an integral part of these standalone financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
 Chartered Accountants

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

per **Sanjay Kumar Jain**  
 Place: Hyderabad  
 Date: 14 May 2015

**Palem Srikanth Reddy**  
 Chairman and Managing Director

**Mohan Krishna Reddy**  
 Director

**Haritha Varanasi**  
 Company Secretary  
 Place: Hyderabad  
 Date: 14 May 2015



**Palred Technologies Limited**  
**Statement of Profit and Loss for the year ended 31 March 2015**  
 (All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March	
		2015	2014
I Revenue from operations	20	21,651,049	178,697,603
II Other income	21	62,145,274	49,641,403
<b>III Total revenue</b>		<b>83,796,323</b>	<b>228,339,006</b>
IV Expenses			
Purchases of stock-in-trade		16,585,744	3,876,079
Changes in inventories of stock-in-trade	22	1,982,273	(1,982,273)
Employee benefits expense	23	13,578,107	134,586,249
Finance costs	24	53,804	428,027
Depreciation and amortization	10,11	3,649,974	5,627,066
Other expenses	25	22,017,248	77,947,408
<b>Total expenses</b>		<b>57,867,150</b>	<b>220,482,556</b>
<b>V Profit before exceptional items and tax</b>		<b>25,929,173</b>	<b>7,856,450</b>
VI Exceptional items	26	-	1,601,481,380
<b>VII Profit before tax</b>		<b>25,929,173</b>	<b>1,609,337,830</b>
Consisting of:			
- Profit from continuing operations		40,169,123	587,953,925
- Profit from discontinued operations	31	(14,239,950)	1,021,383,905
VIII Tax expense			
Current tax		-	337,730,935
<b>IX Profit for the year after tax</b>		<b>25,929,173</b>	<b>1,271,606,895</b>
Consisting of:			
- Profit from continuing operations		40,169,123	448,957,406
- Profit from discontinued operations		(14,239,950)	822,649,489
<b>XII Profit for the year</b>		<b>25,929,173</b>	<b>1,271,606,895</b>
<b>Earnings per equity share [EPES]</b>			
Basic and diluted EPES		0.66	32.57
Weighted average number of equity shares considered in calculating basic and diluted EPES		39,036,970	39,036,970
Par value of equity shares		5	5

The accompanying notes 1 to 38 are an integral part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

per **Sanjay Kumar Jain**

Place: Hyderabad  
Date: 14 May 2015

**Palem Srikanth Reddy**

Chairman and Managing Director

**Mohan Krishna Reddy**

Director

Company Secretary

Place: Hyderabad  
Date: 14 May 2015

**Palred Technologies Limited**
**Cash Flow Statement for the year ended 31 March 2015**

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit before tax	25,929,173	1,609,337,830
Adjustments for:		
- Profit on sale of business	-	(1,029,388,662)
- Profit on sale of non-current investments	-	(719,963,072)
- Dividend income from non-trade investments	(59,957,076)	(34,383,242)
- Service tax credit written-off	-	3,268,699
- Depreciation and amortization	3,649,974	5,627,066
- Interest income on fixed deposits	-	(5,124,858)
- Bad debts written-off	-	11,342,000
- Interest on loans to subsidiaries	-	(375,527)
- Employee benefits	77,191	44,656
- Employee stock compensation expense	-	69,988
- Liabilities no longer required written back	-	90,332
<b>Operating loss before working capital changes</b>	<b>(30,300,738)</b>	<b>(159,454,790)</b>
Movements in working capital:		
- Decrease in trade receivables	1,182,192	92,148,722
- Decrease in short-term loans and advances	1,170,967	39,700,446
- Increase in long-term loans and advances	(2,532,661)	(3,979,590)
- (Increase)/decrease in other current assets	64,209	(1,946,628)
- Decrease in other non-current assets	-	341,742
- Decrease in current liabilities	(523,505)	(44,031,012)
- (Increase)/decrease in inventories	1,982,273	(1,982,273)
- Increase in long term provisions	-	1,983,785
- Decrease in short-term provisions	-	(1,243,528)
- Decrease in trade payables	(2,031,811)	(26,368,551)
<b>Cash used in operations</b>	<b>(30,989,074)</b>	<b>(104,831,677)</b>
Income taxes paid	-	(334,327,138)
<b>Net cash used in operating activities (A)</b>	<b>(30,989,074)</b>	<b>(439,158,815)</b>
<b>Cash flows from investing activities</b>		
- Purchase of fixed assets	(5,099,401)	(8,633,725)
- Proceeds from sale of business	-	1,135,342,478
- Purchase of non-current investments	(135,300,000)	-
- Proceeds from sale of non-current investments	-	1,381,247,877
- Proceeds from deposit, net	192,306	-
- Redemption of mutual funds	111,182,238	1,072,787,973
- Investment in mutual funds	-	(1,882,660,037)
- Interest received	-	5,500,385
- Dividend received from non-trade current investment	59,957,076	34,383,242
<b>Net cash generated from investing activities (B)</b>	<b>30,932,219</b>	<b>1,737,968,193</b>

**Palred Technologies Limited****Cash Flow Statement for the year ended 31 March 2015**

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2015	2014
<b>Cash flows from financing activities</b>		
- Proceeds from issuance of equity shares	-	775,260
- Payment of interim dividend on equity shares	-	(1,134,501,040)
- Payment of dividend distribution tax	-	(192,395,658)
<b>Net cash used in financing activities (C)</b>	<b>-</b>	<b>(1,326,121,438)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(56,855)</b>	<b>(27,312,060)</b>
Cash and cash equivalents at the beginning of the year	2,413,925	29,725,985
<b>Cash and cash equivalents at the end of the year [refer note 17(a)]</b>	<b>2,357,070</b>	<b>2,413,925</b>

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Mohan Krishna Reddy**  
Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### 1. Company Overview

Palred Technologies Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company is head-quartered in Hyderabad, India and the Company's equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). The Company's line of business is to provide IT solutions and IT services for media and entertainment and to trade in computer peripherals.

#### 2. Summary of significant accounting policies

##### (a) Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India ('ICAI'). The accounting policies applied by the Company are consistent with those used in the previous year.

Pursuant to the enactment of the Act, effective 1 April 2014 the Company has adopted Schedule III to the Act, for preparation and presentation of the financial statements. In relation to the Company, the adoption of Schedule III neither impact recognition and measurement principles followed in preparation nor presentation and disclosures made in the financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of business, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

##### (b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include diminution in the value of long-term investments, income taxes, future obligation under employee benefit plans and estimated useful lives of tangible and intangible assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### (c) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Gain or losses arising from derecognition of a fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

##### (d) Depreciation on tangible assets

Depreciation is provided using the written down value method over the useful lives of the fixed assets, as prescribed under Schedule II to the Act.

## Palred Technologies Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

#### (e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which expenditure is incurred.

##### *Research and development cost*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the asset
- its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of adequate resources to complete the development and to use or sell the asset
- the ability to measure reliably the expenditure attributable to the intangible asset during development

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less accumulated amortization and accumulated impairment losses if any. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the period of expected future benefit from the related project i.e. the estimated useful life of 10 years. Amortization is recognized in the statement of profit and loss.

Intangible assets are amortized on a straight-line method based on useful life of assets i.e. 5 years.

#### (f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### (g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### (h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

#### (i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

**Palred Technologies Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ except otherwise stated)

**(j) Revenue recognition**

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

*Sale of goods and services*

Revenue from the sale of user licenses for software applications is recognized on delivery or subsequent milestone schedule as per the terms and contract with the customers. Revenue from time and material contracts is recognized as the related services are rendered. Revenue from annual maintenance services is recognized proportionately over the period in which services are rendered.

Revenue from services on fixed-priced and fixed time frame contracts is recognized on completion and delivery of services to the customers when the outcome of the contract cannot be assessed with reasonable certainty or on proportionate completion method when there is no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Provision for estimated losses on contracts/engagements is made in the year in which such loss becomes probable and can be reasonably estimated.

Sales of stock-in-trade represents revenue from the sale of products, net of cash discounts, rebates and returns. The sales are recorded when the products are shipped and all the significant risks and rewards of ownership of the goods have passed to the customers.

*Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rates applicable.

*Dividends*

Income from dividend is recognized when the Company's right to receive payment is established by the reporting date.

*Rental income*

Rental income from operating lease is recognized on a straight-line basis over the term of the lease.

**(k) Foreign currency transactions***Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transactions.

*Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

*Exchange differences*

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**Palred Technologies Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ except otherwise stated)

**(l) Retirement and other employee benefits***Provident fund*

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

*Gratuity*

Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur.

**(m) Employee stock option scheme**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on 'Accounting for Employee Share-based Payments', issued by the ICAI. The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to statement of profit and loss on straight-line method over the vesting period of the options.

**(n) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets and recognizes it to the extent it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(o) Earnings per equity share**

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

For the purpose of calculating diluted earnings per equity share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**Palred Technologies Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ except otherwise stated)

**(p) Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(q) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3. Change in accounting estimate**

Hitherto, depreciation on all tangible fixed assets except for building was provided on written down value method over the estimated useful lives using the rates prescribed under erstwhile Schedule XIV of the Companies Act, 1956. Effective 1 April 2014, in accordance with the requirements to Schedule II to the Act, the Company has re-assessed the useful lives and adopted the rates prescribed under Schedule II to the Act.

Had the Company continued to use the earlier policy for depreciation of all tangible assets, the profit for the year ended 31 March 2015 would have been higher by ₹1,087,808 and further an amount of ₹214,712 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life is nil as at 1 April 2014 in accordance with Schedule II to the Act.

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**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**4. Share capital**

	As at 31 March	
	2015	2014
<b>Authorized share capital</b>		
56,077,600 (2014: 56,077,600) equity shares of ₹5 each *	280,388,000	280,388,000
696,120 (2014: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000	69,612,000
<b>Issued, subscribed and fully paid-up equity shares</b>		
39,036,970 (2014: 39,036,970) equity shares of ₹5 each *	195,184,850	195,184,850
<b>Total issued, subscribed and fully paid-up equity share capital</b>	<b>195,184,850</b>	<b>195,184,850</b>

\* refer note 35 to the financial statements

**(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

	31 March 2015		31 March 2014	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	39,036,970	195,184,850	38,959,744	194,798,720
Issued during the year	-	-	77,226	386,130
Balance at the end of the year	<b>39,036,970</b>	<b>195,184,850</b>	<b>39,036,970</b>	<b>195,184,850</b>

**(b) Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting, except in case of interim dividend.

**(c) Details of Shareholders holding more than 5% shares in the Company**

	31 March 2015		31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	5,000,000	12.81%	-	-
Supriya Reddy Palem	5,000,000	12.81%	-	-
Sanhita Reddy	5,000,000	12.81%	-	-
Palem Srikanth Reddy	2,901,508	7.43%	8,920,607	22.85%
Kotak Mahindra Trusteeship Services Limited	-	-	3,949,447	10.12%

As per records of the Company's share transfer agent, and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Shares reserved for issue under options**

- (i) The Company has established Four Soft Limited Employees Welfare Trust (the 'Trust') to administer the ESOP Scheme and as at 31 March 2015 had issued 1,170,200 equity shares of ₹5 each cumulatively. Pursuant to the ESOP Scheme the Trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31 March 2015 the total shares held by the Trust is Nil (2014: Nil). Mode of settlement of these stock options is equity.

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

(ii) The stock compensation amortization expenses during the year ended 31 March 2015 amounted to Nil (2014: ₹69,988).

(iii) Changes in number of shares representing stock options outstanding as at the year ended on 31 March 2015 were as follows:

	31 March 2015		31 March 2014	
	Number of shares	Weighted Average exercise price	Number of shares	Weighted Average exercise price
Outstanding at the beginning of the year	-	-	329,399	12.58
Exercised during the year	-	-	77,226	10.00
Expired during the year	-	-	252,173	10.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

**5. Reserves and Surplus**

	As at 31 March	
	2015	2014
<b>Securities premium account</b>		
Balance as per last financial statements	651,290,186	650,050,709
Additions during the year	-	1,239,477
<b>Closing balance</b>	<b>651,290,186</b>	<b>651,290,186</b>
<b>Capital reserve</b>		
Balance as per last financial statements	14,280,000	14,280,000
<b>Closing balance</b>	<b>14,280,000</b>	<b>14,280,000</b>
<b>Employee stock options outstanding account</b>		
Balance as per last financial statements	-	2,431,651
Add: Gross compensation for options granted during the year	-	69,988
Less: Transferred to general reserve on account of stock options lapsed	-	(1,648,292)
Less: Transferred to securities premium account on exercise of stock options	-	(853,347)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>General reserve</b>		
Balance as per last financial statements	132,524,353	3,759,234
Add: Transferred during the year from statement of profit and loss account	-	127,116,827
Add: Transferred from employee stock options outstanding account	-	1,648,292
<b>Closing balance</b>	<b>132,524,353</b>	<b>132,524,353</b>
<b>(Deficit)/Surplus in statement of profit and loss</b>		
Balance as per last financial statements	(128,970,063)	51,007,657
Add: Net profit during the year	25,929,173	1,271,606,895
Less: Adjustment on account of change in useful lives of fixed assets (refer note 3)	(214,712)	-
Less: Transferred to general reserve	-	(127,116,827)
Less: Interim dividend on equity shares (amount per share Nil (2014: ₹29))	-	(1,132,072,130)
Less: Dividend distribution tax on equity shares	-	(192,395,658)
<b>Closing balance</b>	<b>(103,255,602)</b>	<b>(128,970,063)</b>
<b>Total reserves and surplus</b>	<b>694,838,937</b>	<b>669,124,476</b>

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**6. Long-term provisions**

	As at 31 March	
	2015	2014
Provision for gratuity	43,013	35,852
	<b>43,013</b>	<b>35,852</b>

**7. Trade payables**

There are no micro and small enterprises, as defined under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by management on the basis of information available with the Company and have been relied upon by the auditors.

**8. Other current liabilities**

	As at 31 March	
	2015	2014
Unpaid dividends*	2,107,420	2,504,763
Liabilities for expenses	1,474,748	2,791,444
Statutory dues payable	365,903	590,128
Other liabilities	1,016,741	-
	<b>4,964,812</b>	<b>5,886,335</b>

\* The Company has transferred ₹173,898 to Investor Education and Protection Fund relating to dividend payable for the year 2005-06 upon expiry of 7 years from the date they remain unclaimed.

**9. Short-term provisions**

	As at 31 March	
	2015	2014
<b>Provision for employee benefits:</b>		
- On gratuity	188	8,804
- On leave travel allowances	78,646	-
	<b>78,834</b>	<b>8,804</b>

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**Paired Technologies Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**10. Tangible assets**

	Buildings	Computers	Office equipment	Furniture and fixture	Plant and machinery	Vehicles	Total
<b>Gross block</b>							
As at 1 April 2013	30,594,644	53,616,011	31,413,746	14,343,305	3,652,713	-	133,620,419
Additions	-	2,567,580	676,061	3,945,186	-	-	7,188,827
Disposals	(30,594,644)	(54,731,254)	(30,742,843)	(13,497,959)	(3,652,713)	-	(133,219,413)
<b>As at 31 March 2014</b>	-	<b>1,452,337</b>	<b>1,346,964</b>	<b>4,790,532</b>	-	-	<b>7,589,833</b>
Additions	-	630,336	513,992	2,150,508	-	55,058	3,349,894
Disposals	-	-	-	-	-	-	-
<b>As at 31 March 2015</b>	-	<b>2,082,673</b>	<b>1,860,956</b>	<b>6,941,040</b>	-	<b>55,058</b>	<b>10,939,727</b>
<b>Accumulated depreciation</b>							
Upto 31 March 2013	12,073,594	48,587,000	17,902,961	10,730,246	3,652,713	-	92,946,514
Charge for the year	520,010	1,197,789	971,869	604,549	-	-	3,294,217
On disposals	(12,593,604)	(49,264,274)	(18,364,060)	(10,439,434)	(3,652,713)	-	(94,314,085)
<b>Upto 31 March 2014</b>	-	<b>520,515</b>	<b>510,770</b>	<b>895,361</b>	-	-	<b>1,926,646</b>
Charge for the year	-	858,130	311,729	1,454,037	-	9,178	2,633,074
Adjustments (refer to note 3)	-	19,792	191,630	3,290	-	-	214,712
On disposals	-	-	-	-	-	-	-
<b>Upto 31 March 2015</b>	-	<b>1,398,437</b>	<b>1,014,129</b>	<b>2,352,688</b>	-	<b>9,178</b>	<b>4,774,432</b>
<b>Net block</b>							
As at 31 March 2015	-	684,236	846,827	4,588,352	-	45,880	6,165,295
As at 31 March 2014	-	931,822	836,194	3,895,171	-	-	5,663,187

(a) Disposals during the financial year 2013-14 includes transfer of assets to Transport IT Solutions Private Limited as included in note 31.

(b) Depreciation for the year includes ₹1,316,537 (2014: ₹2,989,520) towards the depreciation charge attributable to the discontinued operations of the Company.

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**11. Intangible assets**

	Computer software	Internally developed software	Total
<b>Gross block</b>			
<b>As at 1 April 2013</b>	<b>39,266,201</b>	<b>35,087,435</b>	<b>74,353,636</b>
Additions	1,444,899	-	1,444,899
Disposals	(39,266,201)	(35,087,435)	(74,353,636)
<b>As at 31 March 2014</b>	<b>1,444,899</b>	<b>-</b>	<b>1,444,899</b>
Additions	1,749,507	-	1,749,507
Disposals	-	-	-
<b>As at 31 March 2015</b>	<b>3,194,406</b>	<b>-</b>	<b>3,194,406</b>
<b>Accumulated amortization</b>			
<b>Upto 1 April 2013</b>	<b>36,671,804</b>	<b>5,263,117</b>	<b>41,934,921</b>
Charge for the year	573,669	1,759,180	2,332,849
On disposals	(37,192,104)	(7,022,297)	(44,214,401)
<b>Upto 31 March 2014</b>	<b>53,369</b>	<b>-</b>	<b>53,369</b>
Charge for the year	1,016,900	-	1,016,900
On disposals	-	-	-
<b>Upto 31 March 2015</b>	<b>1,070,269</b>	<b>-</b>	<b>1,070,269</b>
<b>Net block</b>			
<b>As at 31 March 2015</b>	<b>2,124,137</b>	<b>-</b>	<b>2,124,137</b>
As at 31 March 2014	1,391,530	-	1,391,530

(a) Disposals during the financial year 2013-14 includes transfer of assets as included in note 31.

(b) Amortisation for the year includes ₹508,450 (2014: ₹2,279,479) towards the amortisation charge attributable to the discontinued operations of the Company.

**12. Non-current Investments**

	As at 31 March	
	2015	2014
<b>Long-term, trade, unquoted, fully paid-up</b>		
<b>Investment in subsidiaries</b>		
10,895,652 (2014: Nil) representing 77% equity shares of ₹10 each, in Palred Online Technologies Private Limited	125,300,000	-
1,000,000 (2014: Nil) representing 100% equity shares of ₹10 each, in Palred Technology Services Private Limited	10,000,000	-
<b>Aggregate amount of unquoted investments</b>	<b>135,300,000</b>	<b>-</b>

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**13. Long-term loans and advances**

	As at 31 March	
	2015	2014
<b>(Unsecured, considered good)</b>		
Capital advances	-	728,092
Advance tax (net of provision of tax amounting to ₹351,501,858 (2014: ₹351,501,858))	31,235,895	31,235,895
MAT credit receivable	547,000	547,000
Deposit with statutory authorities	4,174,253	-
Security deposits	291,500	1,205,000
	<b>36,248,648</b>	<b>33,715,987</b>

**14. Inventories**

	As at 31 March	
	2015	2014
<b>Valued at lower of cost and net realisable value</b>		
Stock-in-trade	-	1,982,273
	-	<b>1,982,273</b>

**15. Current Investments**

	As at 31 March	
	2015	2014
<b>Non-trade investments (at lower of cost or fair value)</b>		
<b>Investments in mutual funds (quoted) (Market value ₹ 710,152,576)</b>		
27,160 (2014:58,926) units of Axis Liquid Fund-Daily Dividend Reinvestment Plan	27,168,875	58,944,443
8,024,809 (2014:23,401,233) units of IDFC Banking Debt Fund	81,064,210	235,980,379
20,947,763 (2014:9,879,255,728) units of IDFC Arbitrage Fund -Dividend Regular Plan	266,380,139	124,201,015
516,098 (2014:Nil) units of IDFC Fund - Growth Direct Plan	12,363,333	-
6,046,043 (2014:Nil) units of Edelweiss Arbitrage Fund Direct Plan Div. Option - Reinvestment	62,614,029	-
23,859,896 (2014:Nil) units of Kotak Equity Arbitrage Fund	260,561,990	-
Nil (2014:8,000,000) units of HDFC Mutual funds	-	83,240,800
Nil (2014:8,000,000) units of Birla Sunlife Fixed Term Plan	-	83,177,600
Nil (2014:23,457,314) units of Sundaram Flexible Fund Short Term Plan	-	235,790,577
	<b>710,152,576</b>	<b>821,334,814</b>
<b>Investment in wholly owned subsidiary (unquoted)</b>		
10,000,000 (2014: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625
<b>Aggregate amount of unquoted investments</b>	<b>2,625</b>	<b>2,625</b>
	<b>710,155,201</b>	<b>821,337,439</b>

\* The Company has applied for liquidation of Four Soft Sdn.Bhd., Malaysia during the previous year.

**16. Trade receivables**

	As at 31 March	
	2015	2014
<b>(Unsecured, considered good)</b>		
Other receivables	-	1,182,192
	-	<b>1,182,192</b>

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**17. Cash and bank balances**

	As at 31 March	
	2015	2014
<b>Cash and cash equivalents</b>		
Cash on hand	7,773	87,819
Balances with banks in current accounts	2,339,610	2,176,670
Fixed deposits with original maturity of less than three months	9,687	149,436
<b>Total cash and cash equivalents (a)</b>	<b>2,357,070</b>	<b>2,413,925</b>
<b>Other bank balances:</b>		
Balance in unpaid dividend account (year: 2005-06)	-	173,898
Balance in unpaid dividend account (year: 2008-09)	93,536	94,211
Balance in unpaid dividend account (year: 2013-14)	2,013,209	2,236,654
Fixed deposits with original maturity of more than three months but less than twelve months	-	192,306
<b>Total other bank balances (b)</b>	<b>2,106,745</b>	<b>2,697,069</b>
<b>Total cash and bank balances (a)+(b)</b>	<b>4,463,815</b>	<b>5,110,994</b>

**18. Short-term loans and advances**

	As at 31 March	
	2015	2014
<b>(Unsecured, considered good)</b>		
Prepaid expenses	197,131	321,380
Service tax receivable	-	706,277
Value added tax receivable	-	125,039
Vendor advances	453,718	-
Others	10,000	679,120
	<b>660,849</b>	<b>1,831,816</b>

**Disclosure pursuant to Clause 32 of Listing Agreement**

Loans and Advances in the nature of loans, including interest accrued to subsidiaries and to companies in which directors are interested.

**Maximum balance outstanding at any time during the year (including accrued interest)**

Four Soft BV	-	26,339,102
Four Soft Singapore Pte. Ltd.	-	7,863,534
Four Soft Netherlands B.V	-	519,827
Four Soft USA Inc	-	1,774,473

**19. Other current assets**

	As at 31 March	
	2015	2014
<b>(Unsecured, considered good)</b>		
Interest accrued on fixed deposits	13,341	77,550
	<b>13,341</b>	<b>77,550</b>

**Palred Technologies Limited**  
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**20. Revenue from operations**

	For the year ended 31 March	
	2015	2014
Sale of stock-in-trade	21,651,049	3,686,445
Sale of licenses	-	30,238,441
Sale of services	-	135,522,820
Annual maintenance services	-	9,249,897
	<b>21,651,049</b>	<b>178,697,603</b>

**21. Other income**

	For the year ended 31 March	
	2015	2014
Dividend income from non-trade investments	59,957,076	34,383,242
Interest on fixed deposit	-	5,124,858
Interest on loan to subsidiaries	-	375,527
Foreign exchange gain, net	-	8,424,731
Miscellaneous income	2,188,198	1,242,713
Liabilities no longer required written back	-	90,332
	<b>62,145,274</b>	<b>49,641,403</b>

**22. Changes in inventories of stock-in-trade**

	For the year ended 31 March	
	2015	2014
Opening stock	1,982,273	-
Less: Closing stock	-	(1,982,273)
	<b>1,982,273</b>	<b>(1,982,273)</b>

**Details of traded goods purchased:**

	For the year ended 31 March	
	2015	2014
Mobile accessories	7,579,655	3,876,079
Computer accessories	6,986,002	-
Others	2,020,087	-
	<b>16,585,744</b>	<b>3,876,079</b>

**23. Employee benefit expense**

	For the year ended 31 March	
	2015	2014
Salaries and wages	12,456,070	125,351,180
Contribution to provident and other funds	264,080	4,697,918
Gratuity, compensated absences and leave travel allowances	53,468	2,681,432
Employee stock compensation expenses	-	69,988
Staff welfare expenses	804,489	1,785,731
	<b>13,578,107</b>	<b>134,586,249</b>

**24. Finance costs**

	For the year ended 31 March	
	2015	2014
Other borrowing costs	53,804	428,027
	<b>53,804</b>	<b>428,027</b>



**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**25. Other expenses**

	For the year ended 31 March	
	2015	2014
Rent	1,807,554	5,697,344
Rates and taxes	1,570,313	639,685
Office maintenance	5,540,202	11,111,888
Implementation expenses	-	11,201,064
Advertisement and recruitment	879,221	330,109
Business promotion	2,203,653	1,030,042
Communication	263,901	2,234,995
Postage and courier	614,144	1,621,642
Insurance	167,567	906,761
Power and fuel	482,831	7,051,424
Travelling and conveyance	1,990,599	9,990,698
Legal and professional expenses	4,289,502	8,994,282
Bad debts written-off	-	11,342,000
Donations	310,000	500,000
Payments to auditor *	766,012	2,026,775
Service tax receivable written-off	706,277	3,268,699
Other expenses	425,472	-
	<b>22,017,248</b>	<b>77,947,408</b>

**\*Payments to auditor**

	For the year ended 31 March	
	2015	2014
<b>Payments to auditor</b>		
- as auditor	728,923	1,550,000
- other services	30,337	451,743
- reimbursement of expenses	6,752	25,032
	<b>766,012</b>	<b>2,026,775</b>

**26. Exceptional Items**

	For the year ended 31 March	
	2015	2014
Profit on disposal of assets and liabilities of discontinuing operations (note 31)	-	1,029,388,662
Profit on sale of investments in subsidiaries	-	719,963,072
Transaction cost on sale of core business and subsidiaries	-	(147,870,354)
	-	<b>1,601,481,380</b>

During the year ended 31 March 2014, pursuant to the Business Transfer Agreement executed between the Company and Transport IT Solutions Private Limited ("the acquirer company") all the wholly owned foreign subsidiaries of the Company as on 4 October 2013 have been transferred to the acquirer company for a purchase consideration of ₹1,381,247,877. The profit on such sale of investment amounting to ₹719,963,072 and the related transactions cost on sale of investments and core IT solutions business of the Company have been categorized as exceptional items.

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**27. Contingent Liabilities**

	For the year ended 31 March	
	2015	2014
(a) Claims against company not acknowledged as debt		
(i) Matters under dispute pertaining to Income taxes*	100,833,723	97,158,305

\* Claims against the Company not acknowledged as debts include demand from the Income tax authorities for payment of additional tax amounting to ₹100,833,723 for the assessment years 2008-09, 2009-10 and 2010-11. The claims arose on account of transfer pricing adjustments and bad debts written-off. The matter for these assessment years are pending before the Income Tax Appellate Tribunal and based on the recent positive intimations received by the Company, the management believes that the ultimate outcome of this proceeding will not have an adverse effect on the Company's financial position and results of operations.

**28. Earnings in foreign currency (on accrual basis)**

	For the year ended 31 March	
	2015	2014
Sale of licenses	-	29,637,235
Sale of services	-	124,707,772
Annual maintenance services	-	6,159,018
	-	<b>160,504,025</b>

**29. Expenditure in foreign currency (on accrual basis)**

	For the year ended 31 March	
	2015	2014
Advertisement expenses	103,294	-
Hosting charges	341,589	-
Travel	449,722	-
Purchase of stock in trade	8,620,707	-
Implementation expenses	-	8,887,990
	<b>9,515,312</b>	<b>8,887,990</b>

**30. Value of imports calculated on CIF basis**

	For the year ended 31 March	
	2015	2014
Stock-in-trade	8,620,707	-
Capital goods	-	8,887,990
	<b>8,620,707</b>	<b>8,887,990</b>

*This space is intentionally left blank*

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**31. Discontinuing operations**

On 18 September 2013, the members of the Company approved the plan to sell the Company's transportation and logistics software business and investment in its wholly owned subsidiaries to Transport I.T.Solutions Private Limited (a Kewill Group Company) by way of slump sale on a going concern basis and notified the stock exchanges. After obtaining necessary approvals, pursuant to the Business Transfer Agreement (BTA) dated 10 August 2013 between the Company and the acquirer company, the Company has transferred its transportation and logistics software business and investment in subsidiaries with effect from 4 October 2013 for a lumpsum consideration of ₹2,516,590,355. Accordingly, the transportation and logistics software business of the Company has been categorised as a discontinuing operations. The operating activities of the Company's discontinued operation are summarised as follows:

- (a) The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation:

	<b>31 March 2014</b>
<b>Revenue</b>	
Revenue from operations (net)	175,011,158
Other income	8,800,258
<b>Total revenue</b>	<b>183,811,416</b>
<b>Expenses</b>	
Employee benefits expense	119,919,950
Finance cost	303,383
Depreciation and amortization expenses	5,211,295
Other expenses	63,498,860
<b>Total expenses</b>	<b>188,933,488</b>
<b>Loss before tax</b>	<b>(5,122,072)</b>
Tax expenses of discontinuing operations	-
<b>Operating loss from discontinuing operations after tax</b>	<b>(5,122,072)</b>
Profit on disposal of net assets of discontinued operations	1,029,388,662
<b>Total profit/(loss) for the year from discontinued operations</b>	<b>1,024,266,590</b>

- (b) The net cash flows attributable to the discontinuing operations are as follows:

	<b>4 October 2013</b>
Operating activities	48,765,000
Investing activities	(40,087,000)
Financing activities	386,000
<b>Net cash inflows</b>	<b>9,064,000</b>

- (c) The carrying amounts of the total assets and liabilities disposed off as on 4 October 2013 are as follows:

	<b>4 October 2013</b>
Tangible and intangible assets	69,044,562
Current assets	113,315,137
Current liabilities	76,455,883
Net worth	105,903,816
Total consideration received	1,135,292,478
<b>Profit on disposal of assets and liabilities of discontinued operations *</b>	<b>1,029,388,662</b>

\* Tax on profit on disposal of assets and liabilities of discontinued operations amounted to ₹198,734,416 included in current tax for the year ended 31 March 2014.

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

The Company has discontinued the Online E-Commerce Portals business from October 2014. The operating activities of the Company's discontinued operation are summarised as follows:

(a) The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation:

	31 March 2015	31 March 2014
<b>Revenue</b>		
Revenue from operations (net)	21,651,049	3,686,445
<b>Total revenue</b>	<b>21,651,049</b>	<b>3,686,445</b>
<b>Expenses</b>		
Purchases of stock-in-trade	16,585,744	3,876,079
Changes in inventories of stock-in-trade	1,982,273	(1,982,273)
Employee benefits expense	4,994,406	3,222,876
Finance cost	-	62,322
Depreciation and amortization expenses	1,824,987	57,704
Other expenses	10,503,589	2,230,307
<b>Total expenses</b>	<b>35,890,999</b>	<b>7,467,015</b>
<b>Loss before tax</b>	<b>(14,239,950)</b>	<b>(3,780,570)</b>
Tax expenses/(benefits) of discontinuing operations	-	897,885
<b>Operating loss from discontinuing operations after tax</b>	<b>(14,239,950)</b>	<b>(2,882,685)</b>

**32. Related party disclosures**

(a) Name of related parties and nature of relationship

Names of the related party	Country	Nature of relationship
Four Soft B.V. (up to 4 October 2013)	Netherlands	Wholly owned subsidiary (WOS)
Four Soft UK Ltd. (up to 4 October 2013)	United Kingdom	WOS of Four Soft BV
Four Soft Netherlands B.V. (up to 4 October 2013)	Netherlands	WOS of Four Soft BV
Four Soft Singapore Pte. Ltd. (up to 4 October 2013)	Singapore	WOS
Four Soft Japan KK (up to 4 October 2013)	Japan	WOS of Four Soft Singapore Pte. Ltd
Four Soft Nordic A/S (up to 4 October 2013)	Denmark	WOS of Four Soft BV
Four Soft USA, Inc. (up to 4 October 2013)	USA	WOS of Four Soft BV
Four Soft Employee Welfare Trust	India	Controlling interest
Palred Online Technologies Private Limited (formerly PalPremium Online Media Private Limited)	India	Subsidiary of PTL
Palred Technology Services Private Limited	India	WOS of PTL
Mr. Palem Srikanth Reddy		Key management personnel (KMP)
Mr. Biju S. Nair (up to 4 October 2013)		KMP
Sonata Information Technology Limited	India	Enterprises significantly influenced by KMP or their relatives
Supriya Reddy		Relatives of KMP

*This space is intentionally left blank*

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

## (b) Nature of transactions and year end balances

	For the year ended 31 March	
	2015	2014
<b>A. Subsidiaries</b>		
<b>Four Soft B.V.</b>		
Interest on loan granted	-	192,557
Loan repayment received	-	26,202,034
<b>Four Soft USA, Inc.</b>		
Sales and services	-	83,960,130
<b>Four Soft UK Ltd.</b>		
Reimbursable expenses (net)	-	253,237
Sales and services	-	3,989,748
<b>Four Soft Netherlands B.V</b>		
Sales and services	-	9,770,359
<b>Four Soft Singapore Pte. Ltd</b>		
Sales and services	-	7,027,736
Interest on loan granted	-	182,969
Repayment of loan granted	-	6,524,407
Interest repaid during the year	-	491,213
<b>Four Soft Japan KK</b>		
Implementation expenses	-	8,887,990
<b>Four Soft Nordic A/s</b>		
Sales and services	-	9,753,422
<b>Palred Online Technologies Private Limited (formerly PalPremium Online Media Private Limited)</b>		
Professional services	-	245,000
Sale of inventory	11,768,587	-
Investment in shares	125,300,000	-
<b>Palred Technology Services Private Limited</b>		
Investment in shares	10,000,000	-
<b>B. Key management personnel</b>		
<b>Mr.Palem Srikanth Reddy</b>		
Remuneration	2,935,200	7,757,281
Incentives	-	2,039,209
Payment of interim dividend	-	258,688,903
<b>Mr.Biju S Nair</b>		
Remuneration, bonus and incentives	-	7,490,931
<b>Employee stock options</b>		
During the year the Company allotted Nil (2014:30,275) stock options to Mr.Biju S.Nair at an exercise price of Nil (2014: ₹10) each.		
<b>C. Relatives of KMP</b>		
<b>Supriya Reddy</b>		
Security deposit	-	1,200,000
Office rent	1,629,220	674,160
<b>D. Enterprises significantly influenced by key management personnel or their relatives</b>		
<b>Sonata Information Technology Limited</b>		
Purchase of computer software	1,356,020	933,708
Capital advances	-	728,092

**Palred Technologies Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

	As at 31 March	
	2015	2014
<b>G. Balance outstanding</b>		
<b>Loans and advances</b>		
Sonata Information Technology Limited	-	728,092
Supriya Reddy	-	1,200,000
<b>Current liabilities</b>		
Palem Srikanth Reddy	-	13,170
Supriya Reddy	-	74,160

**33. Gratuity**
**Defined benefit plan – gratuity**

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The following tables summarize the components of net employee benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity.

**(a) Change in obligation at the end of the year**

	As at 31 March 2015
Obligation at the beginning of the year	44,656
Current service cost	84,941
Interest cost	4,032
Recognized net actuarial (gain)/loss	(19,077)
Benefits paid / liabilities transferred	(71,351)
<b>Obligation at the end of the year</b>	<b>43,201</b>

**(b) Amount recognized in the statement of profit and loss**

	For the year ended 31-Mar-15
Current service cost	84,941
Interest cost on benefit obligation	4,032
Expected return on plan assets for the year	-
Net actuarial (gain)/losses recognised	(19,077)
	<b>69,896</b>

**(c) The assumptions used in accounting for the gratuity plan are set out as below:**

	As at 31 March 31-Mar-15
Discount rate	7.89%
Salary escalation	5.00%
Attrition rate	17.00%

The Company has not invested the accrued liability as of 31 March 2015. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

**Palred Technologies Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**34. Mergers**

The Board of Directors at its meeting held on 24 January 2014, had approved the draft composite scheme of arrangement for the merger of 'Palred Media And Entertainment Private Limited' and 'Pal Premium Online Media Private Limited' with Palred Technologies Limited with effect from 30 November 2013 and was in the process of obtaining requisite regulatory approvals. During the year ended 31 March 2015, the Company has cancelled the scheme of arrangement for the merger.

**35. Capital reduction**

Subject to requisite regulatory approvals, the Board of Directors at its Meeting held on 1 December 2014 and the members of the Company at their extra-ordinary meeting held on 4 April 2015 approved 60% reduction in the issued, subscribed and paid-up share capital of the Company. Upon the above extinguishment, the issued, subscribed and paid-up share capital of the Company amounting to ₹195,181,850 divided into 39,036,970 equity shares shall be reduced to ₹78,073,940 divided into 15,614,788 equity shares and the shareholders of the Company shall be paid a sum of ₹16.50 per share cancelled.

**36. Segment reporting**

Pursuant to the sale of the transportation and logistics software products business, the management of the Company based on the Company's new business model and considering the internal financial reporting has identified "Trading in computer peripherals" as the only reportable segment. Further, all operations of the Company are based only in India and hence, no separate financial disclosures have been provided for the segment reporting.

**37. Comparatives**

The previous year comparatives have been regrouped/reclassified wherever necessary, to conform to the current year presentation.

**38.** Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **Sanjay Kumar Jain**  
Place: Hyderabad  
Date: 14 May 2015

For and on behalf of the Board of Directors of  
**Palred Technologies Limited**

**Palem Srikanth Reddy**      **Mohan Krishna Reddy**  
Chairman and Managing Director      Director

**Haritha Varanasi**  
Company Secretary  
Place: Hyderabad  
Date: 14 May 2015

## 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 : L72200AP1999PLC033131  
Name of the company : Palred Technologies Limited  
Registered office : H.No. 8-2-703/2/B, Plot.No.2, Road.No.12, Banjara Hills,  
Hyderabad, Andhra Pradesh, 500034

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

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

1. Name : .....	2. Name : .....	3. Name : .....
Address : .....	Address : .....	Address : .....
E-mail Id : .....	E-mail Id : .....	E-mail Id : .....
Signature: ....., or failing him	Signature: ....., or failing him	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 16<sup>th</sup> Annual General Meeting of the Company, to be held on **30.09.2015 at 9 am** 2<sup>nd</sup> Floor, Uma Plaza, Nagarjuna Circle, Road No.1, Banjara Hills, Hyderabad, Telangana- 500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

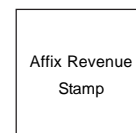
**Resolution No.**

1. Approval of financial statements for the year ended 31.03.2015.
2. Appointment of statutory auditors and fixation of their remuneration.
3. Appointment of Mrs.RichaPatnaikas an Independent Director.
4. Appointment of Mr.AtulSharmaas an Independent Director.
5. Appointment of Mrs. S. VijayaSaradhias an Independent Director
6. To fix the Remuneration of Mr. PalemSrikanthReddy, Managing Director of the company
7. To consolidate the Equity Shares from Rs. 5/- to Rs. 10/- Per Share.
8. Amendment to Clause V of the Memorandum of the Association of the Company
9. Adoption of new articles as per Table F of the Companies Act, 2013.

Signed this ..... day of..... 2015

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.



**PALRED TECHNOLOGIES LIMITED**

H.No.8-2-703/2/B, PLOT NO.2, ROAD NO.12,  
BANJARA HILLS, HYDERABAD  
TELANGANA- 500034

**ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of the members of the company to be held on 30.09.2015 at 9 am  
2<sup>nd</sup> Floor, Uma Plaza, Nagarjuna Circle, Road No.1, Banjara Hills, Hyderabad, Telangana- 500034 and at any adjourned  
meeting thereof.

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.

BOOK - POST  
PRINTED MATTER

*If undelivered, please return to:*

Palred Technologies Limited,  
Plot No.2, 8-2-703/2/B,  
Road No. 12, Banjara Hills,  
Hyderabad - 500034  
Ph: 040-66384915/16