



REPORT OF THE AUDIT COMMITTEE OF M/S PALRED TECHNOLOGIES LIMITED DATED 1<sup>ST</sup> DECEMBER, 2014.

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Members Present:

1. Mr. E. Srinivas Prasad - Chairman
2. Mr. A. Mohan Krishna Reddy - Member

1. Background

The draft scheme of Arrangement for reduction of capital out of the reserves and surplus has been placed before the Audit Committee, for recommendation of the scheme by the Committee to the Board of Directors as required by Securities and Exchange Board of India ("SEBI") circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 ("Circular").

This report of Audit Committee is made in order to comply with the requirements of the Circular and after considering the Draft Scheme of Arrangement.

Ms. Haritha Varanasi, Company Secretary of the Company, placed the Draft Scheme of Arrangement before the Audit Committee for their reviews and recommendations.

2. Proposed Scheme of Arrangement

The Audit Committee noted that, the Draft Scheme of Arrangement is for reducing the capital by 60%, the reason being to return the surplus cash generated by sale of business to Kewill group. The salient features of the scheme as follows:

- A) The Scheme provides for 60% reduction of capital from Rs. 195,184,850/- (Rupees Ninety Crores Fifty One Lakhs Eighty Four Thousand Eight Hundred and Fifty Only) divided into 39,036,970 (Three Crores Ninety Lakhs Thirty Six Thousand Nine Hundred and Seventy Only) equity shares of Rs. 5/- (Rupees Five Only) each to Rs. 78,073,940/- (Rupees Seventy Crore Eighty Lakhs Seventy Three Thousand Nine Hundred and Forty only) divided into 15,614,788 equity shares of Rs. 5/- each.
- B) For each reduced share, face value of Rs. 5/- along with a premium of Rs. 11.50/- will be paid.

3. Recommendations of Audit Committee:

The committee considered each and every aspect of the Scheme and decided as under:





The Audit Committee approved the draft scheme after inter alia considering the facts and rationale mentioned in the scheme and hereby recommends the Scheme for favourable consideration of the Stock Exchange (s) and SEBI.

For and on behalf of the Audit Committee  
Palred Technologies Limited

A handwritten signature in blue ink, appearing to read "E. Srinivas Prasad".

E. Srinivas Prasad  
Chairman



A handwritten signature in blue ink, appearing to read "Mohan Krishna Reddy".

Mohan Krishna Reddy  
Member