



PALRED
TECHNOLOGIES LIMITED

ANNUAL REPORT

2018-19

Introducing

PTrøn
Zap

Qualcomm Bluetooth 5.0
Neckband Headset



PTrøn

Best in-class Play Time

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Palem Srikanth Reddy	Chairman & Managing Director (DIN: 00025889)
Mr. S. VijayaSaradhi	Independent Director (DIN: 00141961)
Mr. Atul Sharma	Independent Director (DIN: 07185499)
Mrs. Richa Patnaik	Independent Director (DIN: 07274527)
Mr. P.Harish Naidu	Chief Financial Officer (COAPP1465C)
Ms.Shruti Mangesh Rege	Company Secretary (ANJPD2148L)

REGISTERED OFFICE:

Palred Technologies Limited
Plot No. 2, 8-2-703/2/B, Road No.12,
Banjara Hills, Hyderabad- 500034,
Telangana, India.

CIN: L72200AP1999PLC033131**STATUTORY AUDITORS:**

M/s. Walker Chandio& Co., LLP
Chartered Accountants
Begumpet, Hyderabad

INTERNAL AUDITOR:

M/s. Laxminiwas& Co.
402 & 602, Moguls Court,
Basheer Bagh, Hyderabad - 500 001

SECRETARIAL AUDITOR:

M/s. S.S.Reddy& Associates
Practicing Company Secretaries
Plot No. 8-2-603/23/3 & 8-2-603/23, 15,
2nd Floor, HSR Summit, Banjara Hills,
Road No. 10, Hyderabad,
Telangana - 500034

BANKERS:

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

AUDIT COMMITTEE:

Mr.S. VijayaSaradhi	Chairman
Mr. Atul Sharma	Member
Mrs. Richa Patnaik	Member

NOMINATION & REMUNERATION COMMITTEE:

Mr.S. VijayaSaradhi	Chairman
Mr. Atul Sharma	Member
Mrs. Richa Patnaik	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Mrs. Richa Patnaik	Chairman
Mr. S. VijayaSaradhi	Member
Mr. Palem Srikanth Reddy	Member

RISK MANAGEMENT COMMITTEE:

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

REGISTRAR & SHARE TRANSFER AGENTS:

M/s.Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500032
Phone Number: 040-67162222,040-67161526,
Website: www.karvyfintech.com
Email- einward.ris@karvy.com

LISTED AT:

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

DEMAT ISIN NUMBER IN NSDL& CDSL:

INE218G01033

WEBSITE:

www.palred.com

INVESTOR E-MAIL ID:

company@palred.com



Dear Shareholders,

I take pleasure in presenting the Twentieth 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. After the sale of business in October 2013, the Company has invested into Palred Electronics Private Limited (PEP) which owns PTron, a Mobile Accessories brand, Palred Retail Private Limited which operates www.LatestOne.com, a mobile accessories focused ecom site and Palred Technology Services Private Limited (PTS), a Company focused on end to end solutions for e-commerce companies.

The Company's main focus this year has been building PTron brand. PTron brand offers a bouquet of mobile accessories products to meet the needs of its consumers. PTron sells products like bluetooth headsets, portable bluetooth speakers, wired headsets, chargers and cables, smart watches, networking products and many more. The strength of PTron is that it has a wide range of products whose quality is backed by warranty, but offers them at competitive prices in the branded accessories category for the mid-market. The Company sells PTron brand through large ecommerce marketplaces like Amazon & Flipkart, through LatestOne.com & PTron.in and also through Physical Distribution / Retail Channels across the Country.

LatestOne.com faced many challenges during the year because of high advertisement costs and competition from heavily funded market place business. As a result we had to downsize our in house IT Company and fulfilment services businesses, to focus on building the brand of PTron.

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 to your continued support and encouragement in future as well.

Thank you

Palem Srikanth Reddy
Chairman & Managing Director

Notice to 20th Annual General Meeting

NOTICE

Notice is hereby given that the 20th Annual General Meeting of members of M/s. Palred Technologies Limited will be held on Monday, the 30th day of September, 2019 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H. No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

- (a) The Audited Standalone Financial Statements of the Company for the financial year ended 31st March 2019, together with the Reports of the Board of Directors and Auditor's thereon.
- (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2019, together with the Report of the Auditor's thereon.

2. To appoint M/s. MSKA & Associates, as Statutory Auditors and to fix their remuneration and for the purpose to consider and if, thought fit, to pass with or without modification(s), the following Ordinary Resolution thereof.

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and provisions of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to recommendation of the Audit Committee, M/s. MSKA & Associates., Chartered Accountants, Hyderabad (Firm Registration No. 105047W), be and is hereby appointed as Statutory Auditors of the Company in place of the retiring auditors M/s. Walker Chandiook & Co., LLP, Chartered Accountants, to hold office for a term of five years from the conclusion of this Annual General Meeting till the conclusion of the 25th Annual General Meeting of the Company to be held in the year 2024, at such remuneration and other terms as specified in the explanatory statement, approved by the Board of Directors of the Company on the recommendation of the Audit Committee.

“RESOLVED FURTHER THAT Mr. P. Srikanth Reddy, Chairmen & Managing Director of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”

SPECIAL BUSINESS:

3. **RE-APPOINTMENT OF MR ATUL SHARMA (DIN:07185499) AS INDEPENDENT DIRECTOR 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 of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Atul Sharma (DIN: 07185499), who was appointed as an Independent Director of the Company for a term up to 13th May, 2020 and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying the intention to propose Mr. Atul Sharma as a candidate for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 14th May, 2020 to 13th May, 2025 and whose office shall not be liable to retire by rotation”

“RESOLVED FURTHER THAT Mr. P. Srikanth Reddy, Chairmen & Managing Director of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”

4. **RE-APPOINTMENT OF MR S. VIJAYA SARADHI (DIN: 03089889) AS INDEPENDENT DIRECTOR 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 of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr.S. Vijaya Saradhi (DIN: 03089889), who was appointed as an Independent Director of the Company for a term up to 13th May, 2020 and who has submitted a declaration

that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying the intention to propose Mr.S. Vijaya Saradhi as a candidate for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 14th May, 2020 to 13th May, 2025 and whose office shall not be liable to retire by rotation”.

“**RESOLVED FURTHER THAT** Mr. P. Srikanth Reddy, Chairmen & Managing Director of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”

5. **RE-APPOINTMENT OF MRS. RICHA PATNAIK (DIN: 07274527) AS INDEPENDENT DIRECTOR 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 of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) and pursuant

to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mrs. Richa Patnaik (DIN: 07274527), who was appointed as an Independent Director of the Company for a term up to 31st August, 2020 and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying the intention to propose Mrs. Richa Patnaik as a candidate for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 1st September, 2020 to 31st August, 2025 and whose office shall not be liable to retire by rotation”.

“**RESOLVED FURTHER THAT** Mr. P. Srikanth Reddy, Chairmen & Managing Director of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

P. Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Place: Hyderabad
Date: 26.08.2019

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(1) of the Companies Act, 2013 relating to the Special Business in the Notice is annexed hereto and forms part of this Notice.
3. In pursuance of Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, details in respect of the Directors seeking appointment/ re-appointment at the AGM, form part of this Notice
4. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive),
5. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
6. 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.
7. Institutional/ Corporate members are required to send to the company a certified copy of the board resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.
8. 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.
9. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend. Members holding shares in demat mode are requested to submit their Bank details viz. Bank Account Number, Name of the Bank, Branch details, MICR Code, IFS Code to the Depository Participants with whom they are maintaining their demat account and Members holding shares in physical mode are requested to submit the said bank details to the Company's Registrar & Share Transfer Agent.
10. The Securities and Exchange Board of India issued a circular for submission of Aadhar number by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit Aadhar card details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their Aadhar card details to the Company/ Registrar and Share Transfer Agents (M/s. Karvy Fintech Private Limited.)
11. 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.
12. 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 Fintech Private Limited., Share Transfer Agents of the Company for their doing the needful.
13. Members are requested to send their queries at least 7 days before the date of meeting so that information can be made available at the meeting.
14. The route map showing directions to reach the venue of the AGM is attached with this Notice.
15. The members may kindly note that no gifts or gift coupons or cash in lieu of gifts will be distributed at or in connection with the AGM
16. 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.
17. 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.
18. Electronic copy of the Annual Report for 2018-2019 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 2018-2019 is being sent in the permitted mode.

19. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for 2018-2019 will also be available on the Company’s website 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.
20. In terms of Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April, 2019 except in case of requests received for transmission or transposition of securities.
21. Pursuant to Clause 2 (h) of the Companies (Significant Beneficial Owners) Amendment Rules, 2019, individuals who hold a right or entitlement directly in the Company are requested to intimate the Company through a declaration in form BEN-1.
22. **Voting through Electronic Means (E-Voting Facility)**

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by M/s. Karvy Fintech Private Limited (“Karvy”).

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

The remote e-voting period commences on September 27, 2019 (09.00 am) to September 29, 2019 (5.00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2019, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.

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

The Company has engaged the services of M/s. Karvy Fintech Private Limited (“Karvy”) as the Authorized Agency to provide e-voting facilities. The e-voting particulars are set out below:

EVENT (e-voting event number)	USER ID	PASSWORD/ PIN

Please read the procedure and instructions for e-voting given below before exercising the vote.

23. Procedure and instructions for e-voting

A. Members who received the Notice through e-mail from Karvy:

- i. Open your web browser during the voting period and navigate to ‘https://evoting.karvy.com
- ii. Enter the login credentials (i.e., user-id & password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote:

User – ID	For Members holding shares in Demat Form:- a) For NSDL :0- 8 Character DP ID followed by 8 digit Client ID b) For CDSL :- 16 digits Beneficiary ID / Client ID For Members holding shares in Physical Form:- Event No. (EVENT) followed by Folio No. registered with the Company
Password	Your unique password is printed above / provided in the e-mail forwarding the electronic notice

- iii. After entering these details appropriately, click on “LOGIN”.
- iv. You will now reach Password Change Menu wherein they are required to mandatorily change their password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question 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.
- v. After changing password, you need to login again with the new credentials.

- vi. On successful login, the system will prompt to select the “Event” i.e. Palred Technologies Limited.
- vii. On the voting page, enter the number of shares (which represents number of votes) as on the cut-off date under “FOR/AGAINST/ABSTAIN” against the resolution or alternatively you may partially enter any number in “FOR”, partially in “AGAINST” and partially in “ABSTAIN” but the total number in “FOR/AGAINST/ABSTAIN” taken together should not exceed your total shareholding.
- viii. You may then cast your vote by selecting an appropriate option and click on “Submit”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution.
- ix. Corporate/Institutional Members (corporate / FIs/Flls/Trust/Mutual Funds/Company’s, etc) are additionally required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with the attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: ssrfcs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name Event No.”.
- B. In case of Members receiving the Notice by post:**
1. Please use the User ID and initial password as provided above.
 2. Please follow all steps from Sr. No. (i) to (ix) as mentioned in (A) above, to cast your vote.
- C. The e- voting period commences on 27th of September, 2019 at 09.00 A.M and ends on 29th of September, 2019 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQs section of Karvy e-voting website.
- D. Once the vote on the resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.
- E. Mr. S. Sarveswar Reddy, Practicing Company Secretary has been appointed as Scrutinizer for conducting the e-voting process in accordance with law. The Scrutinizer’s decision on the validity of e-voting shall be final. The e-mail ID of the Scrutinizer is ssrfcs@gmail.com.
- F. The Scrutinizer shall, on the date of the AGM, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s report of the votes cast in favour or against, if any, and submit it to the Chairman.
- G. The result of voting will be announced by the Chairman of the AGM at or after the AGM to be held on 30.09.2019 and the resolution will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolution.
- H. The result of the voting along with the Scrutinizer’s Report will be communicated to the stock exchanges and will also be hosted on the website of the Company (www.palred.com) within 48 hours of completion of voting.
- I. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders / beneficial owners as on 23.09.2019. Shareholders holding shares either in physical form or dematerialized form may cast their vote electronically.
- J. Members/ Proxies/ Authorized Representatives are requested to bring duly filled attendance slip along with their copy of the Annual Report, for attending the AGM. Please note that copies of the Annual Report or Attendance Slips shall not be distributed at the AGM.
- K. In case of any grievances connected with the voting by electronic means, shareholders are requested to contact Mr. B. Venkata Kishore, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail : E-Mail: kishore.bv@karvy.com or einward.ris@karvy.com, Phone : 040-6716 1585.
- L. Members who have acquired shares after the dispatch of the Notice and before the Cut-off date may obtain the user ID by approaching Mr. B.V. Kishore, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail: einward.ris@karvy.com, Phone: 040-67162222, for issuance of the user ID and password for exercising their right to vote by electronic means.
24. 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.
 25. 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.
 26. Pursuant to SEBI Circular SEBI/HO/MIRSD/DOP1/ CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank account details to the Company / Registrar & Transfer Agent (RTA) for registration under their folio.

- Further, as per the said circular all the unclaimed/ unpaid dividends also will be paid via electronic bank transfers only. Hence, the shareholders are requested to update their PAN and bank details.
27. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (Demat) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization. A note on procedure to be followed for dematerialization of physical shareholding and benefits out of it is uploaded on the company's website www.palred.com
28. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

EXPLANATORY STATEMENT

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

ITEM NO.2:

M/s. MSKA & Associates is a Chartered Accountant Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 105047W and has established in the year of 1978. The firm has presence in 9 cities in India viz Ahmedabad, Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, New Delhi - Gurgaon, Goa and Pune. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory.

M/s. MSKA & Associates, Chartered Accountants, have conveyed their consent to be appointed as the Statutory Auditors of the company along with the confirmation that, their appointment, if approved by the shareholders, would be within the limits prescribed under the Companies Act, 2013.

Considering the above and their eligibility to be appointed as the statutory auditor for term of five (5) years under the applicable provisions of Guidelines issued by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the Board of Directors, Pursuant to recommendation of the Board Audit Committee, had approved the appointment of M/s. MSKA & Associates, as a statutory auditor for term of five (5) years.

In terms of requirements of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended effective April 1, 2019, details of proposed remuneration and credentials of the Statutory Auditors are provided below:

- a) It is proposed to pay remuneration of Rs.5,00,000/- towards statutory audit and Rs. 7,00,000/- towards quarterly standalone and consolidated financial results and limited review reports along with the issuance of certificates in accordance with guidelines laid down by SEBI and Companies Act, 2013 for financial year 2019-20 aggregating to Rs.12,00,000/- plus applicable taxes along with out-of-pocket expenses and such remuneration and expenses thereafter as may be mutually agreed between the Company and the said Statutory Auditors.
- b) There is an increase in the fees payable to M/s. MSKA & Associates, Chartered Accountants from the fees paid to outgoing Auditors M/s. Walker Chandio & Co., LLP, Chartered Accountants as because of scope of work. The Board, including relevant committee(s) thereof, shall be given the power to agree, alter and vary the terms and conditions of such appointment, remuneration etc. In addition to the above and in accordance with the provisions of the Act, the Board / committees thereof, may approve other services, as deemed appropriate, and remuneration for such services as required by law or otherwise, subject to the provisions of section 144 of the Act.

- c) M/s. MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm registration Number 105047W. The firm has presence in all over in India. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory. The audit firm practice has significant experience in auditing listed and large multinational Companies

Your Board of Directors recommend to pass the resolution for appointment of Statutory Auditors, as an Ordinary Resolution as set out at item no. 2 of the Notice.

None of the Directors, Key Managerial Personnel and their relatives are in any way, interested or concerned in this resolution.

ITEM NO.3:

Mr. Atul Sharma (DIN: 07185499) is an Independent Director of the Company. The Members at the 16th AGM of the Company held on September 30, 2015 had approved the appointment of Mr. Atul Sharma as an Independent Director of the Company to hold office for a term of 5 (five) years up to May 13, 2020.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term up to five consecutive years on the Board of a Company. Based on recommendation of the Nomination and Remuneration Committee and based on his skills, experience, knowledge, and report of his performance evaluation and in terms of provisions of Sections 149, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Atul Sharma, being eligible for re-appointment as an Independent Director and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a member proposing the re-appointment of Mr. Atul Sharma for the office of Independent Director, is proposed to be re-appointed as an Independent Director for a second term of five consecutive years from May 14, 2020 up to May 13, 2025.

Mr. Atul Sharma is a Member of the Audit Committee, Risk Management Committee and the Nomination and Remuneration Committee of the Board of Directors of the Company. Mr. Atul Sharma has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 25 of the Listing Regulations. The Company has received necessary declarations / disclosure / confirmation from Mr. Atul Sharma as required under the Act and Listing Regulations. Copy of the draft letter for re-appointment of Mr. Atul Sharma as an Independent Director setting out terms and conditions would be available for inspection by the members of the Company at the Registered Office and Corporate Office of the Company on all working days during business hours up to the date of 20th AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Atul Sharma as an Independent Director and on the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, recommends the Special Resolution as set out at Item No. 3 of the Notice of the AGM for approval of the members.

Save and except Mr. Atul Sharma Independent Director being an appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 3 of the Notice.

The Board recommends the passing of Special Resolution as set out at Item No. 3 of the accompanying Notice.

ITEM NO.4:

Mr. Vijaya Saradhi (DIN: 03089889) is an Independent Director of the Company. The Members at the 16th AGM of the Company held on September 30, 2015 had approved the appointment of Mr. Vijaya Saradhi as an Independent Director of the Company to hold office for a term of 5 (five) years up to May 13, 2020.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term up to five consecutive years on the Board of a Company. Based on recommendation of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Vijaya Saradhi, being eligible for re-appointment as an Independent Director and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a member proposing the re-appointment of Mr. Vijaya Saradhi for the office of Independent Director, is proposed to be re-appointed as an Independent Director for a second term of five consecutive years from May 14, 2020 up to May 13, 2025.

Mr. Vijaya Saradhi is a Chairman of the Nomination and Remuneration Committee and Audit Committee and Member of Stakeholders Relationship Committee and Risk Management Committee of the Board of Directors of the Company. Mr. Vijaya Saradhi has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 25 of the Listing Regulations. The Company has received necessary declarations / disclosure / confirmation from Mr. Vijaya Saradhi as required under the Act and Listing Regulations. Copy of the draft letter for re-appointment of Mr. Vijaya Saradhi as an Independent Director setting out terms and conditions would be available for inspection by the members of the Company at the Registered Office and Corporate Office of the Company on all working days during business hours up to the date of 20th AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vijaya Saradhi as an Independent Director and on the recommendation of the Nomination and

Remuneration Committee and based on the performance evaluation, recommends the Special Resolution as set out at Item No. 4 of the Notice of the AGM for approval of the members. The Resolution and Explanatory Statement may be considered as sufficient disclosure and information under the statutory provisions as may be applicable, relevant or necessary.

Save and except Mr. Vijaya Saradhi Independent Director being an appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 4 of the Notice.

The Board recommends the passing of Special Resolution as set out at Item No. 4 of the accompanying Notice.

ITEM NO.5:

Mrs. Richa Patnaik (DIN: 07274527) is an Independent Director of the Company. The Members at the 16th AGM of the Company held on September 30, 2015 had approved the appointment of Mrs. Richa Patnaik as an Independent Director of the Company to hold office for a term of 5 (five) years up to 31st August, 2020

As per Section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term up to five consecutive years on the Board of a Company. Based on recommendation of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mrs. Richa Patnaik, being eligible for re-appointment as an Independent Director and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a member proposing the re-appointment of Mrs. Richa Patnaik for the office of Independent Director, is proposed to be re-appointed as an Independent Director for a second term of five consecutive years from September 1st, 2020 up to August 31, 2025.

Mrs. Richa Patnaik is a Chairman of the Stakeholders Relationship Committee. Mrs. Richa Patnaik is a Member of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors of the Company. Mrs. Richa Patnaik has given a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 25 of the Listing Regulations. The Company has received necessary declarations / disclosure / confirmation from Mrs. Richa Patnaik as required under the Act and Listing Regulations. Copy of the draft letter for re-appointment of Mrs. Richa Patnaik as an Independent Director setting out terms and conditions would be available for inspection by the members of the Company at the Registered Office and Corporate Office of the Company on all working days during business hours up to the date of 20th AGM of the Company.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Richa Patnaik as an Independent Director and on the recommendation of the Nomination and Remuneration Committee and based on the performance

evaluation, recommends the Special Resolution as set out at Item No. 5 of the Notice of the AGM for approval of the members. The Resolution and Explanatory Statement may be considered as sufficient disclosure and information under the statutory provisions as may be applicable, relevant or necessary.

Save and except Mrs. Richa Patnaik Independent Director being an appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 5 of the Notice.

The Board recommends the passing of Special Resolution as set out at Item No. 5 of the accompanying Notice.

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Place: Hyderabad

Date: 26.08.2019

DIRECTORS' REPORT

To the Members,
Palred Technologies Limited,
Hyderabad, Telangana, India

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Palred') along with the audited "Financial statement for the "Fiscal Year ended March 31, 2019. The Consolidated performance of the Company and its subsidiaries has been referred to where required.

1. Financial summary/highlights:

The performance during the period ended 31st March, 2019 has been as under:

(Amount in Lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-2018	2018-19	2017-2018
Turnover/Income (Gross)	-	-	3393.53	5122.13
Other Income	153.76	231.53	181.29	258.82
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	19.94	94.46	(829.55)	(549.65)
Less: Depreciation/ Amortisation/ Impairment	10.92	22.63	70.16	88.70
Profit /loss before Finance Costs, Exceptional items and Tax Expense	9.02	71.83	(899.71)	(638.36)
Less: Finance Costs	-	-	8.89	3.93
Profit /loss before Exceptional items and Tax Expense	9.02	71.83	(908.61)	(642.29)
Add/(less): Exceptional items	(4777.23)	-	(216.20)	-
Profit /loss before Tax Expense	(4768.21)	71.83	(1124.81)	(642.29)
Less: Tax Expense (Current & Deferred)	-	-	-	-
Profit /loss for the year (1)	(4768.21)	71.83	(1124.81)	(642.29)
Total Comprehensive Income/loss (2)	(0.5294)	(0.3855)	20.71	(1.83)
Total (1+2)	(4768.73)	71.45	(1104.10)	(644.12)
Balance of profit /loss for earlier years	(1356.29)	(1428.12)	(4892.77)	(4131.19)
Less: Transfer to Debenture Redemption Reserve	-	-	-	-
Less: Transfer to Reserves	-	-	-	-
Less: Dividend paid on Equity Shares	-	-	-	-
Less: Dividend paid on Preference Shares	-	-	-	-
Less: Dividend Distribution Tax	-	-	-	-
Balance carried forward	(6124.50)	(1356.29)	(6029.28)	(4892.77)

2. Overview & state of the company's affairs:

Revenues – standalone

During the year under review, the Company has recorded an income of Rs. 153.76 Lakhs and loss of Rs. (4768.73) Lakhs as against the income of Rs. 231.53 Lakhs and profit of Rs. 71.83 Lakhs in the previous financial year ending 31.03.2018.

Revenues – Consolidated

During the year under review, the Company has recorded an income of Rs.3574.53Lakhs and loss of Rs. 1104.10Lakhs as against the income of Rs. 5,380.95 Lakhs and loss of Rs. 644.12 Lakhs in the previous financial year ending 31.03.2018.

The Company is looking forward for good profit margins in near future.

3. Dividend:

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

4. Transfer to reserves:

Pursuant to provisions of Section 134 (3) (j) of the Companies Act, 2013, the company has not proposed to transfer any amount to general reserves account of the company during the year under review.

5. Material changes & commitment affecting the financial position of the company:

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

6. Significant & material orders passed by the regulators or courts or tribunals:

No significant or material orders have been passed against the Company by the Regulators, Courts or Tribunals, which impacts the going concern status and company's operations in future.

7. Transfer of un-claimed dividend to Investor Education and Protection:

There is no such amount of Un-paid or Unclaimed Dividend be transferred to Investor and Education and Protection Fund for the financial year ended 31st March 2019.

8. Details of utilization of funds:

During the year under review, the Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Details of Nodal Officer

The Company has designated Mr. Harish Naidu as a Nodal Officer for the purpose of IEPF.

10. Revision of financial statements:

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

11. Change in the nature of business, if any:

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

12. Deposits from public:

The Company has not accepted any public deposits during the Financial Year ended March 31, 2019 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Details of deposits not in compliance with the requirements of the Act:

Since the Company has not accepted any deposits during the Financial Year ended March 31, 2019, there has been no non-compliance with the requirements of the Act.

Pursuant to the Ministry of Corporate Affairs (MCA) notification dated 22nd January 2019 amending the Companies (Acceptance of Deposits) Rules, 2014, the Company is required to file with the Registrar of Companies (ROC) requisite returns in Form DPT-3 for outstanding receipt of money/loan by the Company, which is not considered as deposits.

The Company would be complying with this requirement within the prescribed timelines.

13. Depository System:

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandate that the transfer, except transmission and transposition, of securities shall be carried out in dematerialized form only with effect from 1st April 2019. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories. The Company has, directly as well as through its RTA, sent intimation to shareholders who are holding shares in physical form, advising them to get the shares dematerialized.

14. Consolidated IND AS financial statements:

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') and Section 129 of the Companies Act, 2013, the Consolidated Financial Statements which have been prepared by the Company in accordance with the applicable provisions of the Companies Act, 2013 and the applicable Indian Accounting Standards (Ind AS) forms part of this Annual Report.

15. Subsidiary companies:

Your Company has three subsidiaries namely Palred Technologies Services Private Limited, Palred Electrical Private Limited and Palred Retail Private Limited as on March 31, 2019.

In accordance with Section 129(3) of the Act, Consolidated Financial Statements have been prepared which form part of this Annual Report. As required under Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiaries in the prescribed form AOC-1 is enclosed as Annexure – B to this Report.

In accordance with Section 136 of the Act, the separate audited accounts of the subsidiary companies will be available on the website of the Company, www.palred.com and the Members desirous of obtaining the accounts of the Company's subsidiaries may obtain the same upon request. These documents will be available for inspection by the members, till the date of AGM during business hours at registered office of the company.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with the SEBI Listing Regulations can be accessed on the Company's website at www.palred.com.

16. Performance highlights of key operating subsidiaries:

Palred Technology Services Private Limited:

Palred Technology Services Private Limited offers end-to-end services for ecommerce companies. Palred Technology Services Private Limited front-end services include ecommerce platforms and digital marketing services. Palred Technology Services Private Limited also provides backend support including database management, fulfilment centres, with associated services from 3PL partners. It has fulfilment centres in Kurnool & Hyderabad. The Company also offers a bouquet of Products through its brand "Xmate" that is exclusively available on Amazon.in. Xmate Sells products like Bluetooth headsets, Bluetooth speakers, wired headsets, chargers and cables, Computer Accessories, Cameras & Camera Accessories etc.

Palred Retail Private Limited:

Palred Retail Private Limitedowns ecommerce website, www.LatestOne.com and PTron.in. LatestOne.com is India's only e-tailer specializing in tech and mobile accessories such as Bluetooth speakers and headsets, cables, power banks, headsets, smart watches, fashion accessories etc. It stocks over 10,000 different products in its inventory. The company also sells through other major online retailers like Flipkart, Amazon, Snapdeal and PayTM mall. LatestOne.com faced many challenges during the year because of high advertisement costs and competition from heavily funded market place business

Palred Electronics Private limited:

The Company's main focus this year has been building PTron brand. PTron brand offers a bouquet of mobile accessories products to meet the needs of its consumers. PTron sells products like bluetooth headsets, portable bluetooth speakers, wired headsets, chargers and cables, smart watches, networking products and many more. The strength of PTron is that it has a wide range of products whose quality is backed by warranty, but offers them at competitive prices in the branded accessories category for the mid-market. The Company sells PTron brand through large ecommerce marketplaces like Amazon & Flipkart, through LatestOne.com & PTron.in and also through Distributors across the Country. The Company has transferred its ecommerce business to Palred Retail Private Limited.

17. Companies which have become or ceased to be subsidiaries:

During the F.Y. 2018-19 Palred Retail Private Limited has become Subsidiary of the Company with effect from 17th May, 2018, further analysis on the consolidated performance, attention is invited to the section on Management Discussion and Analysis, notes to the consolidated financial statements.

18. Investment in subsidiaries:

During financial year 2018-19, the Company had infused a capital of Rs.2.6215 Crores in its Subsidiary, Palred Retail Private Limited, Rs.2 Crores in Palred Technology Services Private Limited and Rs.6 Crores in Palred Electronics Private limited by subscribing to its equity shares.

19. Brand protections:

Your Company has taken appropriate actions against counterfeits, fakes and other forms of unfair competitions/ trade practices.

PALRED, PTRON, DaZon, Xmate and LATESTONE are key intangible assets of the Company and its subsidiaries.

20. Selection and procedure for nomination and appointment of directors:

The Company has a Nomination and Remuneration Committee ("NRC") which is responsible for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects an in-depth understanding of the Company, including its strategies, environment, operations, and financial condition and compliance requirements.

The NRC makes recommendations to the Board in regard to appointment of new Directors and Key Managerial Personnel ("KMP") and senior management. The role of the NRC encompasses conducting a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The NRC is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies, undertake a reference and due diligence and meeting of potential candidates prior to making recommendations of their nomination to the Board.

The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

21. Criteria for determining qualifications, positive attributes and independence of a director:

In terms of the provisions of Section 178(3) of the Act, and Regulation 19 of the Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

Qualifications - The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.

Positive Attributes - Apart from the duties of Directors as prescribed in the Act the Directors are expected to demonstrate high standards of ethical behaviour, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.

Independence - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Act, the Rules framed thereunder and Regulation 16(1) (b) of the Listing Regulations.

22. Training of Independent Directors:

Your Company's Independent Directors are highly qualified and have been associated with corporate and business organizations. They understand Company's business and activities very well, however, pursuant to Regulation 4 of the Listing Regulations, the Board has shown all the Independent Directors Company's business and manufacturing activities and were also introduced to Company's staff.

23. Independent director's familiarization programmes:

The familiarization program aims to provide the Independent Directors with the scenario within the software technology/services, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant development so as to enable them to take well-informed decisions in timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes. The policy on Company's familiarization programme for Independent Directors is hosted on your Company's website and its web link is <http://www.palred.com>

24. Board Evaluation

The Board of Directors of the Company carried out annual evaluation of its own performance, Committees of the Board and individual Directors pursuant to various provisions under the Act, Regulation 17, 19 and Schedule II of the Listing Regulations, , the SEBI circular dated January 5, 2017, circular dated January 10, 2019, which provides further clarity on the process of Board Evaluation ("SEBI Guidance Note") and SEBI circular dated February 5, 2019.

The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects.

The procedure followed for the performance evaluation of the Board, Committees and individual Directors is enumerated in the Corporate Governance Report.

25. Number of Board the Meetings:

During the year, six (6) meetings of the Board of Directors of the Company were convened and held in accordance with the provisions of the Act. The date(s) of the Board Meeting, attendance by the directors are given in the Corporate Governance Report forming an integral part of this report.

26. Committees of the Board

There are various Board constituted Committees as stipulated under the Act and Listing Regulations namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship and Risk Management Committee. Brief details pertaining to composition, terms of reference, meetings held and attendance thereof of these Committees during the year has been enumerated in Corporate Governance report.

27. Audit Committee Recommendations:

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

28. Directors and key managerial personnel:

As on date of this report, the Company has four Directors, out of those three are Independent Directors including one Woman Independent Director.

a) Re-Appointment of Independent Directors of the Company:

- (i) Re-appointment of Mr. Atul Sharma (holding Director Identification Number 07185499) as independent director for the second consecutive term commencing from May 14, 2020 to May 13, 2025;
- (ii) Re-appointment of Mr. VijayaSaradhi (holding Director Identification Number 03089889) as independent director for the second consecutive term commencing from May 14, 2020 to May 13, 2025;
- (iii) Re-appointment of Mrs. Richa Patnaik (holding Director Identification Number 07274527) as independent director for the second consecutive term commencing from September 1, 2020 to August 31, 2025;
- (iv) Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment/ appointment at the Meeting is given below.

Name of the Director	Mr. S.VijayaSaradhi	Mrs. Richa Patnaik	Mr. Atul Sharma
Date of Birth	6/10/1959	11/11/1980	27/08/1965
Qualification	M.com	PGDBM (HR)	CA
Brief Resume	Mr. S.VijayaSaradhi is a Master of commerce (M.Com.) by qualification. He is an Investment professional and having an experience of almost 20 years in various fields related to commerce and investments	Ms Richa Patnaik has secured qualification as PGDBM in Human Resource during the year 2003. She having a wide working experience of almost 15 years in the field of Human Resources and Recruitment with many of well known Companies.	Mr Atul Sharma is a Finance Professional and Experienced Finance Manager with a demonstrated history of working in the logistics, trading and retail industry. Mr. Atul Sharma is skilled in Business Planning, Risk Management, Managerial Finance, Accounting, taxation and Forecasting. Strong program and project management professional with a Bachelor of Laws (LLB) focused in Law from CCS UNIVERSITY.
Expertise in specific functional areas	Investments	Human Resource & Recruitment	Business Planning, Risk Management, Managerial Finance, Accounting, taxation and Forecasting.
Names of Listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil	Nil	Nil
Shareholding of non-executive directors.	--	--	--
No. of Shares held in the Company	400	-	-
Inter se relationship with any Director	--	--	--

b) Key Managerial Personnel:

Key Managerial Personnel for the financial year 2018-19

- Mr. P.Srikanth Reddy, Chairman & Managing Director of the company.
- Mr. P. Harish Naidu, Chief financial officer of the company.
- Mr. Neveen Kumar, Company Secretary of the Company.

During the year under review, Mr. P. Harish Naidu, was appointed as the chief financial officer of the Company with effect from March 25, 2019 and Mr. Neveen Kumar resigned from the post of company secretary of the company w.e.f. April 14, 2019, Mrs. Shruti Mangesh Regeis appointed as the Company Secretary of the Company with effect from August 5, 2019.

29. Statutory audit and auditors report:

The existing auditors M/s. Walker ChandioK& Co LLP will retire at the ensuing Annual General Meeting on expiry of 5 years term. Accordingly, the appointment of M/s. MSKA & Associates., as statutory auditors of the Company, in place of retiring auditors is placed for approval by the shareholders. The Auditors' Report for

fiscal 2019 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report. The Company has received audit report with unmodified opinion for both Standalone and Consolidated audited financial results of the Company for the Financial Year ended March 31, 2019 from the statutory auditors of the Company.

The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

30. Internal auditors:

Pursuant to provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014 and Section 179 read with Rule 8(4) of the Companies (Meetings of Board and its Powers) Rules, 2014; during the year under review the Internal Audit of the functions and activities of the Company was undertaken by the Internal Auditor of the Company on quarterly basis by M/s Lakshmi Niwas & Co., the Internal Auditor of the Company.

Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are

reviewed by the Audit Committee and concerns, if any, are reported to Board. There were no adverse remarks or qualification on accounts of the Company from the Internal Auditor.

The Board has re-appointed M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad as Internal Auditors for the Financial Year 2019-20.

31. Secretarial Auditor & Audit Report:

In terms of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based upon the recommendations of the Audit Committee, the Board of Directors had appointed M/s. S.S. Reddy & Associates, Practicing Company Secretaries (CP No. 7478) as the Secretarial Auditor of the Company, for conducting the Secretarial Audit for financial year ended March 31, 2019

The Secretarial Audit was carried out by M/s. S.S. Reddy & Associates, Company Secretaries (CP No. 7478) for the financial year ended March 31, 2019. The Report given by the Secretarial Auditor is annexed herewith as Annexure-I and forms integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

32. Annual Secretarial Compliance Report:

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. Further, Secretarial Compliance Report dated May 14, 2019, was given by M/s. S.S. Reddy & Associates, Practicing Company Secretary which was submitted to Stock Exchanges within 60 days of the end of the financial year.

The Secretarial Compliance Report does not contain any qualification, reservation or adverse remark.

33. Secretarial Audit of Material Unlisted Indian Subsidiaries:

M/s. Palred Electrical Private Limited (PEP) and Palred Technology services Private Limited (PTS) a material subsidiary of the Company undertake Secretarial Audit every year under Section 204 of the Companies Act 2013. The Secretarial Audit of PEP & PTS for the Financial Year 2018-19 was carried out pursuant to Section 204 of the Companies Act 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Secretarial Audit Report of PEP & PTS submitted by M/s. S.S. Reddy & Associates, Practicing Company Secretary. The Company has not appointed Company Secretary during the financial year 2018-19 in both companies.

The Reports given by the Secretarial Auditor is annexed herewith and forms integral part of this Report.

34. Cost records and cost audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the business activities carried out by the Company.

35. No Frauds reported by statutory auditors

During the Financial Year 2018-19, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3) (ca) of the Companies Act, 2013.

36. Declaration by the Company

The Company has issued a certificate to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2019.

37. 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 and Rule 8 of Companies (Accounts) Rules, 2014:

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:

1. Foreign Exchange Earnings: Nil
2. Foreign Exchange Outgo: Nil

38. Management discussion and analysis report:

Management discussion and analysis report for the year under review as stipulated under Regulation 34 (e) read with schedule V, Part B of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 with the stock exchange in India is annexed herewith as Annexure- J to this report.

39. Risk management policy:

The Board of Directors had constituted Risk Management Committee to identify elements of risk in different areas of operations and to develop policy for actions associated to mitigate the risks. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

40. Corporate governance:

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Regulations. A separate

section on Corporate Governance, forming a part of this Report and the requisite certificate from the Company's Auditors confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance as Annexure F.

41. Extract of Annual Return:

Pursuant to Sections 92 & 134(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is provided in Annexure -E to this Report and is also available on the Company's website URL: <https://www.palred.com>

42. Authorised and paid up capital of the company:

The authorized capital of the company stands at Rs. 35,00,00,000/- divided into 2,80,38,800 equity shares of Rs.10/- each and 6,96,12,014 redeemable optionally convertible cumulative preference shares of Rs. 100/- each. The company's paid up capital is Rs. 9,73,25,660/- divided into 97,32,566 equity shares of Rs. 10/- each.

43. Declaration of independence:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) read with Regulation 25 of the Listing Regulations attached as Annexure H.

The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

In terms of Regulations 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s).

44. Director's Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that: -

- a) in the preparation of the annual accounts for the financial year ended 31 March 2019, the applicable accounting standards and schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;
- b) the Directors have 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 your Company as on 31 March 2019 and of the

profit and loss of the Company for the financial year ended 31 March 2019;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis;
- e) Proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) Proper systems to ensure compliance with the provisions of all applicable laws were followed and that such systems were adequate and operating effectively.

45. Vigil Mechanism/Whistle Blower Policy:

The Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The Company has a vigil mechanism to deal with fraud and mismanagement, if any. The policy is on the website of the Company.

The policy provides for adequate safeguards against the victimisation of employees who use the vigil mechanism. The vigil mechanism is overseen by the audit Committee.

46. Employee stock option scheme:

The Company has an Employee Stock Option (ESOP) scheme, namely "Employee Stock Option Scheme 2013-A" (ESOP Scheme) which helps the Company to retain and attract right talent. The Nomination and Remuneration Committee (NRC) administers the Company's ESOP scheme. There were no changes in the ESOP scheme during the financial year under review. The ESOP scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [SEBI (SBEB) Regulations, 2014].

Disclosure in compliance with the SEBI (Share Based Employee Benefits) regulations, 2014 are available on the company website of the company at www.palred.com

During the financial year 2018-19 no employee was granted stock option equal to or exceeding 1% of the issued share capital of the Company at the time of grant of options.

47. Corporate social responsibility policy:

Since your Company does not have 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.

48. Secretarial Standards:

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

49. Insurance:

The properties and assets of your Company are adequately insured.

50. Particulars of loans, guarantees:

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

51. Internal Financial Control Systems:

Your Company has well laid out policies on financial reporting, asset management, adherence to Management policies and also on promoting compliance of ethical and well-defined standards. The Company follows an exhaustive budgetary control and standard costing system. Moreover, the management team regularly meets to monitor goals and results and scrutinizes reasons for deviations in order to take necessary corrective steps. The Audit Committee which meets at regular intervals also reviews the internal control systems with the Management and the internal auditors.

The internal audit is conducted at the Company and covers all key areas. All audit observations and follow up actions are discussed with the Management as also the Statutory Auditors and the Audit Committee reviews them regularly.

52. 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. During the financial year 2018-19, there were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

In line with the provisions of Section 177 of the Act read with the Companies (Meetings of the Board and its Powers) Rules, 2014, omnibus approval for the estimated value of transactions with the related parties for the financial year is obtained from the Audit Committee. The transactions with the related parties are routine and repetitive in nature.

The summary statement of transactions entered into with the related parties pursuant to the omnibus approval so granted are reviewed and approved by the Audit Committee and the Board of Directors on a quarterly basis. The summary statements are supported by an independent audit report certifying that the transactions are at an arm's length basis and in the ordinary course of business

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure- C to this report.

53. Policy on director's appointment and remuneration:

In adherence to the provisions of Section 134(3) (e) and 178(1) & (3) of the Companies Act, 2013, the Board of Directors upon recommendation of the Nomination and Remuneration Committee approved a policy on Director's appointment and remuneration, including, criteria for determining qualifications, positive attributes, independence of a Director and other matters. The said Policy extract is covered in Corporate Governance Report which forms part of this Report and is also uploaded on the Company's website at www.palred.com.

54. Particulars of Employees and related Disclosure:

Disclosure pertaining to remuneration and other details as required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure-D to this Report.

The Statement containing the particulars of employees as required under section 197(12) of the Companies Act, 2013 read with rule 5(2) and other applicable rules (if any) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Companies Act, 2013 the said annexure is open for inspection at the registered office of the Company during the working hours. Any member interested in obtaining a copy of the same may write to the Company.

55. 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.

56. 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.

57. CEO/CFO Certification:

As required Regulation 17(8) read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO/CFO certification is attached with the annual report as **Annexure K**.

58. Prevention of sexual harassment at workplace:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition, and Redressal of Sexual Harassment at workplace.

This is in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013 ('POSH Act') and the Rules made thereunder. With the objective of providing a safe working environment, all employees (permanent, contractual, temporary, trainees) are covered under this Policy. The policy is available on the website at www.palred.com.

As per the requirement of the POSH Act and Rules made thereunder, the Company has constituted an Internal Committee at all its locations known as the Prevention of Sexual Harassment (POSH) Committees, to inquire and redress complaints received regarding sexual harassment. During the year under review, there were no Complaints pertaining to sexual harassment.

59. **Green Initiatives:**

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Notice of 20th Annual General Meeting of the Company are sent to all Members whose email addresses are registered with the Company/ Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

60. **Other Disclosures:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise.

- b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- c. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

61. **Appreciation & acknowledgement:**

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

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 of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place: Hyderabad

Date: 26.08.2019

Annexure-A to the Director’s Report

Pursuant to the provisions of Securities and Exchange Board of India Regulation 14 of SEBI (Share based Employee Benefits) Regulations, 2014 as amended and the provisions of the Companies Act 2013 the details of stock options as on March 31, 2019 under company’s Employee Stock Option Schemes are as under:

Si. No.	Details Related to ESOPS	PALRED ESOP Scheme 2016
1.	Description of each ESOP that existed at any times during the year, including the general terms and conditions of each ESOPS including:	4,00,000
	Date of Shareholders Approval	N.A
	Total no. of options approved under ESOPS	N.A
	Vesting Requirements	N.A
	Exercise price or Pricing Formula	N.A
	Maximum term of options granted	N.A
	Source of shares (primary, secondary or combination)	N.A
	Variation in terms of options	N.A
2.	Method used to account for ESOPS	N.A
3.	Option movement during the year :	4,00,000
	Number of options outstanding at the beginning of the period	N.A
	Adjustment on account of bonus issue (if any)	N.A
	No. of options granted during the year	N.A
	No. of options forfeited/lapsed during the year	N.A
	No. of options vested during the year	N.A
	No. of options exercised during the year	N.A
	No. of shares arising as a result of exercise of options	N.A
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	N.A
	Loan repaid by the trust during the year from exercise price received	N.A
	No. of option outstanding at the end of the year	N.A
	No. of options exercisable at the end of the year	N.A
4.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Annexures-Bto the Director’s Report
Form AOC-I

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

For the financial year ended 31st March, 2019
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ Joint Ventures:
PART A- Subsidiarie

Amount in Lakhs Rs.

Sl. No.	Particulars	Details	Details	Details
1	Name of the subsidiary	Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited)	Palred Technology Services Private Limited	Palred Retail Private Limited
2	The date since when subsidiary was acquired	18th November, 2014	6th February, 2015	17th May, 2018
3	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	01st April, 2018 to 31st March, 2019	01st April, 2018 to 31st March, 2019	01st April, 2018 to 31st March, 2019
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
5	Share capital	Authorized – 4300.00 Paid Up Capital – 3229.87	Authorized – 1101.00 Paid Up Capital – 1101.00	Authorised- 263.15 Paid-up Capital- 263.15
6	Reserves & surplus	(2270.91)	(865.33)	(186.22)
7	Total assets	1113.83	273.93	256.27
8	Total Liabilities (Excluding Share Capital, Reserves and Surplus)	154.86	38.26	231.68
9	Investments	144.18	120.66	--
10	Turnover	2978.79	333.65	751.34
11	Profit before taxation	(447.56)	(257.34)	(132.41)
12	Provision for taxation / Deferred Tax	0	0	0
13	Profit after taxation	(447.56)	(257.34)	(132.41)
14	Proposed Dividend	NIL	NIL	NIL
15	Extent of shareholding	83.17%	100%	96.77%

Note:

1. Name of the Subsidiaries which are yet to commence operations: NIL
2. Name of Subsidiaries liquidated or sold or strike off during the year: NIL

PART B – Associates and Joint Ventures

The Company does not have any Associate or Joint Venture.

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Annexures-C to the Director's Report
Form No. AOC-2
Particulars of contracts/arrangements made with related parties

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis –NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 are as follows:

Name(s) of the related party	Nature of relationship	Duration of the contracts	Salient terms	Date(s) of approval by the Board, if any:	Amount
Investment in Equity					
1. Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited)	Subsidiary Company	Running contract	Refer Note 1	Refer Note 1	Rs. 6 Crores
2. Palred Technology Services Private Limited	Subsidiary Company	Running contract	Refer Note 2	Refer Note 2	Rs. 2 Crores
3. Palred Retail Private Limited	Subsidiary Company	Running contract	Refer Note 3	Refer Note 3	Rs. 2.6215 crores
4. Mr. Palem Srikanth Reddy	Managing Director (KMP)	Running contract	Managerial Remuneration	NA	Rs. 30 Lakhs
5. Ms. Supriya Reddy	Relative of KMP	Up to July 2018	Office rent	NA	Rs. 2.00 Lakhs
6. Ms. Stuthi Reddy	Relative of KMP	Running Contract	Office rent	NA	Rs. 4.00 Lakhs

Notes:

- The Board of Directors of Palred Technologies Limited have at the Board Meetings held on April 28, 2018 and November 14, 2018 approved investments of Rs. 4 Crores at Rs. 62.50/- per share with Face Value Of Rs. 10/- per share and a premium of Rs. 52.50/- per Equity Share) Crores and Rs. 2 Crores at Rs. 29.60/- per share (Face Value of Rs. 10/- per share at a premium of Rs. 19.60/- per share) respectively in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited).
- The Board of Directors of Palred Technologies Limited have at the Board Meetings held on April 28, 2018 and September 21, 2018 approved investment of Rs. 1 Crore each in Palred Technology Services Private Limited at Rs. 10/- per share at par value.
- The Board of Directors of Palred Technologies Limited have at the Board Meetings held on April 28, 2018, September 21, 2018 and November 14, 2018 approved investments of Rs. 4 Lakhs at Face Value of Rs. 10/- per share, Rs. 2 Crores at Face Value Rs. 10/- per share and Rs. 58.15 Lakhs at Face Value Rs. 10/- per share respectively in Palred Retail Private Limited.

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Annexures-D to the Director’s Report

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The nomination and remuneration committee consists of 3 Independent Directors. It reviews the remuneration of Chairman and Managing Director of the Company.

Remuneration paid to Whole Time Directors

Name of Director	DIN	Title	Remuneration in Fiscal 2019	Remuneration in Fiscal 2018	% increase	Ratio of the remuneration of director to the median remuneration of the employees of the company for the financial year 2018-2019	Percentage increase in the median remuneration of employees in the financial year
Palem Srikanth Reddy	00025889	Chairman and Managing Director	30,00,000	30,00,000	Nil	7:3	Nil

Remuneration Paid to Independent Directors in Financial Year 2018-2019 - Nil

The Independent Directors are entitled to sitting fees of Rs. 5,000/- per Board Meeting for attending Board Meetings.

Percentage increase in remuneration of each Director, Company Secretary and Chief Financial Officer in the financial year 2018-2019-

Director- NIL

Company Secretary- 11%

Chief Financial Officer-10%

Percentage increase in the median remuneration of employees in the financial year 2018-2019- 10%

None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Annexures-E to the Director's Report

MGT 9
Extract of Annual Return
Ason the Financial Year 31.03.2019

[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, Telangana -500034, Company@Palred.Com					
vi.	Whether listed company Yes / No				Yes					
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any				M/s. Karvy Fintech 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										
2										
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: -										
S.No.	Name and Address of the Company		CIN/GLN		Holding/Subsidiary /Associate		% of shares held		Applicable Section	
1.	Palred Technology Services Private Limited		U72200TG2015PTC097189		Wholly Owned Subsidiary Company		100%		2(87)	
2.	Palred Electronics Private Limited		U22222TG2011PTC073292		Subsidiary Company		83.17%		2(87)	
3.	Palred Retail Private Limited		U74999AP2018PTC108429		Subsidiary Company		96.77%		2(87)	
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
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		
A. Promoters										
(1) Indian										
Individual/ HUF	3677350	0	3677350	37.78	3677080	0	3677080	37.78	0	
Central Govt	--	--	--	--	--	--	--	--	--	
State Govt (s)	--	--	--	--	--	--	--	--	--	
Bodies Corp.	--	--	--	--	--	--	--	--	--	
Banks / FI	--	--	--	--	--	--	--	--	--	
Any Other....	--	--	--	--	--	--	--	--	--	
Sub-total(A) (1): -	3677350	0	3677350	37.78	3677080	0	3677080	37.78	0	
Foreign										
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--	
b) Other – Individuals	--	--	--	--	--	--	--	--	--	
c) Bodies Corp.	--	--	--	--	--	--	--	--	--	

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	
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A)(2): -	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	3677350	0	3677350	37.78	3677080	0	3677080	37.82	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	60	0	60	0.00	60	0	60	0.00	0.00
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	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	701586	0	701586	7.21	701586	0	701586	7.22	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total	701646	0	701646	7.21	701646	0	701646	7.22	0
2. Non Institutions									
a) Bodies Corp.									
i) Indian	597922	0	597922	6.14	633021	0	633021	6.51	0.36
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	1999731	6414	2006145	20.61	2129955	6347	2125978	21.86	1.34
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1950106	0	1950106	20.04	1715030	0	1715030	17.64	-2.42
c) Others (specify)									
Clearing Member	23715	0	23715	0.24	3154	0	3154	0.03	-0.21
Foreign Bodies	216948	0	216948	2.23	216948	0	216948	2.23	0
Foreign National	307195	3452	310647	3.19	307195	3452	310647	3.19	0
Corporate Body-others	740	0	740	0.01	740	0	740	0.01	0.00
NBFC	19	0	19	0.00	100000	0	100000	1.03	1.03
NRIs	55735	0	55735	0.57	44806	0	44806	0.46	-0.11
NRIs Non-Repatriation	41562	0	41562	0.43	43734	0	43734	0.45	0.02

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	
Trusts	149573	458	150031	1.54	149000	458	149458	1.54	-0.01
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total (B)(2): -	5343246	10324	5353570	55.01	5343583	10257	5343516	54.96	0
Total Public Shareholding (B)=(B)(1) +(B) 2)	6044892	10324	6055216	62.22	6045229	10257	6045162	62.18	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	9722242	10324	9732566	100.00	9722309	10257	9722242	100.00	0

(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	Total	% of Total Shares	Demat	Total	% of Total Shares	
1.	Sanhita Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	10.27	0
2.	Stuthi Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	10.27	0
3.	Palem Supriya Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	10.27	0
4.	Palem Srikanth Reddy	6,02,261	6,02,261	6.19	6,02,261	6,02,261	6.19	0
5.	P Soujanya Reddy	71,619	71,619	0.74	71,619	71,619	0.74	0
6.	Palem Srinivas Reddy	2,600	2,600	0.03	2,600	2,600	0.03	0
7.	Dakshayani Reddy	600	600	0.01	600	600	0.01	0
8.	D Vidyasagar	270	270	0.00	0	0	0	0

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
1	Palem Srikanth Reddy	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	602261	6.19	602261	6.19
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment / transfer /bonus/ sweat equity etc.)	0	0.00	602261	0
	At the End of the year	602261	6.19	602261	6.19

(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		Shareholding at the end of the year	
1	Passage to India Master Fund Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	701586	7.21	701586	7.21
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment / transfer /bonus/sweat equity etc)				

2	Ashish Dhawan	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	678189	6.97	678189	6.97
	Date wise Increase /Decrease-	0	0	0	0
	At the End of the year	678189	6.97	678189	6.97
3	Six Rivers Group Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	216948	2.23	216948	2.23
	Date wise Increase /Decrease -	0	0	0	0
	At the End of the year	216948	2.23	216948	2.23
4	Global Media Ventures India Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	207000	2.13	207000	2.13
	Date wise Increase /Decrease -	0	0	0	0
	At the End of the year	207000	2.13	207000	2.13
5	Bharat Kanaiyalal Sheth	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	207000	2.13	207000	2.13
	Date wise Increase /Decrease -	0	0	0	0
	At the End of the year	207000	2.13	207000	2.13
6	Madhavan Kunniyur	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	207000	2.13	207000	2.13
	Date wise Increase /Decrease.	0	0	0	0
	At the End of the year	207000	2.13	207000	2.13
7	Amol S Chauhan Will Trust	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	149000	1.53	149000	1.53
	Date wise Increase /Decrease	0	0	0	0
	At the End of the year	149000	1.53	149000	1.53
8	Parle Biscuits Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease	149000	1.53	149000	1.53
	At the End of the year	149000	1.53	149000	1.53
9	Parle Biscuits Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	140000	1.70	140000	1.70
	Date wise Increase /Decrease -	0	0	0	0
	At the End of the year	140000	1.70	140000	1.70
10	Vaibhav Rao	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	140000	1.44	140000	1.44
	Date wise Increase /Decrease	0	0	0	0
	At the End of the year	140000	1.44	140000	1.44

(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	Palem Srikanth Reddy				
	At the beginning of the year	602261	6.19	602261	6.19
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc.)	0	0.00	0	0
	At the End of the year	602261	6.19	602261	6.19

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	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year Addition / Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

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: Palem Srikanth Reddy	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	0	--
3.	Sweat Equity	0	--
4.	Commission - as % of profit - Others, specify...	0	-- -- --
5.	Others, please specify	0	--
6.	Total (A)	30,00,000	30,00,000
7.	Ceiling as per the Act	NA	NA

B. Remuneration to other directors:						
Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
		S. Vijaya Saradhi	Atul Sharma	Richa Patnaik	NA	
	Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	20000	0	0	0	20000
	Total (1)	20000	0	0	0	20000
	Other Non-Executive Directors · Fee for attending board / committee meetings · commission · Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	20000	0	0	0	20000
	Total Managerial Remuneration	20000	0	0	0	20000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Naveen Kumar*)	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	0	4,80,000	35,939	5,15,939
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - Others, specify...	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	Total	0	4,80,000	35,939	5,15,939

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of
Palred Technologies Limited

Place: Hyderabad
Date: 26.08.2019

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director
(DIN: 00025889)

Annexure-F

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Corporate Governance:

Company's endeavour is to maximize shareholder value. Palred is committed to adopt best governance practices and its adherence in true spirit at all times. It has strong legacy of fair, transparent and ethical governance practices.

Company has adopted a code of conduct which is applicable to all employees and is posted on the website of the Company. The Company also has in place a code for preventing insider trading.

Company is fully compliant with the requirements of the listing regulations and applicable corporate governance norms and is committed to ensuring compliance with all modifications within the prescribed time.

2. Board diversity:

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

3. Compliance with SEBI (listing obligations and disclosure requirements) regulations, 2015:

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company framed the following policies which are available on Company's website i.e. www.palred.com

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

4. Palred' code of conduct for the prevention of insider trading:

The Board of Directors has adopted the Insider Trading

Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

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

5. Board of Directors:

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2019, the Company's Board comprised of four Directors, One promoter Directors. In addition, there are three independent Directors on the Board including one woman Director. In terms of Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015 and section 149 of Companies Act 2013, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

6. Skills / Expertise / Competencies of the Board of Directors;

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

- a) Knowledge on Company's businesses (Plantations and Instant Coffee), policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
- b) Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- c) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
- d) Financial and Management skills.
- e) Technical / Professional skills and specialized knowledge in relation to Company's business.

7. Re-appointment of Directors retiring by rotation:

Details of Director seeking appointment/ reappointment at the forthcoming Annual General Meeting as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 (“Listing Regulations”) is annexed to the Notice convening the Annual General Meeting and forming part of this Annual Report.

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

8. Attendance and directorships held:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten

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

Table-1								
Name of Director	Relation-ship with other Direc-tors	Category	No. of Meet-ings Held	No. of Meetings Attended	Wheth-er Attend-ed Last AGM	No. of Outside Directorships of Public Compa-nies	No. of Com-mittee Member-ships	No. of Committee Chairman-ships
P.Srikanth Reddy	None	Promoter Director	6	6	Yes	2 Deemed Public Companies	2	1
Sribhashyam Vijaya Saradhi	None	Independent Director	6	4	No	2 Deemed Public Companies	4	2
Atul Sharma	None	Independent Director	6	1	No	0	3	0
Richa Patnaik	None	Independent Director	6	3	Yes	0	3	1

9. Information supplied to the board:

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

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

10. Familiarization program for independent directors:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarize with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. During the financial year 2018-19, there has been no change in the independent director of the Company.

The Company's Policy of conducting the Familiarization Program and details of such familiarisation program during the year, is placed on its website viz., www.palred.com.

11. Committees of the board:

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

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

12. Performance Evaluation of Board, Committees and Directors

Pursuant to provisions of Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, an annual Board effectiveness evaluation was conducted for FY 2018-19 on February 14, 2019, involving the following:

- i. Evaluation of IDs, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under the Act and SEBI Listing Regulations; and
- ii. Evaluation of the Board of Directors, its Committees and individual Directors, including the role of the Board Chairman.

An IDs' meeting, in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations, was convened on February 14, 2019, mainly to review the performance of Independent Directors and the Chairman & Managing Director as also the Board as a whole. All IDs were present at the said meeting.

- (i) Board: Composition, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.
- (ii) Executive Directors: Skill, knowledge, performance, compliances, ethical standards, risk

mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, appropriate succession plan, external relations including CSR, community involvement and image building, etc.

- (iii) Independent Directors: Participation, managing relationship, ethics and integrity, Objectivity, brining independent judgement, time devotion, protecting interest of minority shareholders, domain knowledge contribution, etc.
- (iv) Chairman: Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.
- (v) Committees: Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with company strategy, composition of committee, committee meetings and procedures, management relations.

Performance evaluation was done on the scale of 1 to 5, 1 being very poor and 5 being outstanding. The outcome of performance evaluation is given below:

Categories	Rating (out of 5)
Board as a whole	4.89
Individual Directors	
Mr.P.Srikanth Reddy	4.68
Mr. S. Vijaya Saradhi	4.78
Mr. Atul Sharma	4.46
Mrs. Richa Patnaik	4.59
Audit Committee	4.56
Stakeholder Relationship Committee	4.25
Nomination & Remuneration Committee	4.65

13. Audit committee: Terms of reference of Audit committee covers all the matters prescribed under Regulation 18 of the Listing Regulations and Section 177 of the Act, 2013.

A. Brief Description of Terms of Reference: - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommending the appointment and removal of External Auditors, fixation of audit fee and approval for payment for any other services;
- iii. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- iv. Approval of payment to statutory auditors for any other services rendered by them.

- v. Review with the management and statutory auditors of the annual financial statements before submission to the Board with particular reference to:
- (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report;
- vi. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- vii. Examination of the financial statement and the auditors' report thereon;
- viii. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;
- ix. Approval or any subsequent modification of transactions with related parties;
- x. Scrutiny of inter-corporate loans and investments;
- xi. Review of valuation of undertakings or assets of the company wherever it is necessary;
- xii. Evaluation of internal financial controls and risk management systems;
- xiii. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;
- xiv. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- xv. Reviewing the findings of any internal investigations by the internal auditors into 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;
- xvi. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
- xvii. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- xviii. Review the functioning of the whistle blower mechanism;
- xix. Review and monitor the end use of funds raised through public offers and related matters;
- xx. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xxi. Frame and review policies in relation to implementation of the Code of Conduct for Prevention of Insider Trading and supervise its implementation under the overall supervision of the Board;
- xxii. Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.
- i. Review of the following information:**
- management discussion and analysis of financial condition and results of operations;
 - statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - management letters / letters of internal control weaknesses issued by the statutory auditors;
 - internal audit reports relating to internal control weaknesses;
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
 - Statement of deviations as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).
 - Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).
 - The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
 - Carrying out any other function as may be referred to the Committee by the Board.
 - Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.
- B. Internal Audit**
- The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Composition, Meetings & Attendance:

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Mr. S. Vijaya Saradhi, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March 2019 are as under:

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. S. Vijaya Saradhi	Chairman	NED(I)	4	4
Mr. Atul Sharma	Member	NED(I)	4	1
Mrs. Richa Patnaik	Member	NED(I)	4	3

The Audit Committee met 4 times during the financial year 2018-19 and the gap between any two meetings did not exceed 120 days. The dates on which the Audit Committee Meetings held were: 30th May 2018, 14th August 2018, 14th November 2018 and 14th February 2019. Requisite quorum was present at the above Meetings.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee inter alia reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee. The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 27th September, 2018.

14. **Nomination and remuneration committee:** The Nomination and Remuneration Committee (‘NRC’) functions in accordance with Section 178 of the Act, Regulation 19 of the Listing Regulations and its Charter adopted by the Board. The terms of reference of the NRC includes:

- Recommend to the Board the setup and composition of the Board, including formulation of the criteria for determining qualifications, positive attributes and independence of a Director.
- Periodical review of composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Support the Board in matters related to the setup, review and refresh of the Committees.
- Devise a policy on Board diversity.
- Recommend to the Board the appointment or reappointment of Directors.
- Recommend to the Board how the Company will vote on resolutions for appointment of Directors on the Boards of its material subsidiaries.
- Recommend to the Board, the appointment of Key Managerial Personnel (KMP) and executive team members.
- Carry out the evaluation of every Director’s performance and support the Board and Independent Directors in the evaluation of the performance of the Board, its Committees and individual Directors, including formulation of criteria for evaluation of Independent Directors and the Board.
- Oversee the performance review process for the KMP and executive team with the view that there is an appropriate cascading of goals and targets across the Company.
- Recommend the Remuneration Policy for the Directors, KMP, executive team and other employees.
- On an annual basis, recommend to the Board the remuneration payable to Directors, KMP and executive team of the Company.
- Review matters related to remuneration and benefits payable upon retirement and severance to MD/EDs, KMP and executive team.
- Review matters related to voluntary retirement and early separation schemes for the Company.
- Provide guidelines for remuneration of Directors on material subsidiaries.
- Recommend to the Board how the Company will vote on resolutions for remuneration of Directors on the Boards of its material subsidiaries.
- Assist the Board in fulfilling its corporate governance responsibilities relating to remuneration of the Board, KMP and executive team members.

- Oversee familiarisation programmes for Directors.
- Review HR and People strategy and its alignment with the business strategy periodically, or when a change is made to either.
- Review the efficacy of HR practices, including those for leadership development, rewards and recognition, talent management and succession planning.
- Perform other activities related to the charter as requested by the Board from time to time

Composition of the committee, meetings and attendance during the year:

There were two (2) Nomination and Remuneration Committee Meetings held during the financial year 2018-19 on 14.08.2018 & 14.02.2019.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. S. Vijaya Saradhi	Chairman	NED(I)	2	2
Mr. Atul Sharma	Member	NED(I)	2	0
Mrs. Richa Patnaik	Member	NED(I)	2	2

15. Stakeholder’s relationship committee: Terms of reference of the committee comprise of various matters provided under Regulation 20 of the Listing Regulations and section 178 of the Act, 2013 which inter-alia include:

- (i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (ii) Proactively communicate and engage with stockholders including engaging with the institutional shareholders at least once a year along with members of the Committee/Board/ KMPs, as may be required and identifying actionable points for implementation.
- (iii) Review of measures taken for effective exercise of voting rights by shareholders
- (iv) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (v) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Committee comprises of 3 Directors out of which 2 are independent. In the financial year 2018-19, 4 meetings of the Committee were held on 30th May 2018; 14th August 2018; 14th November 2018 and 14th February 2019. Composition of committees and member’s attendance at the meetings during the year are as under:

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mrs. Richa Patnaik	Chairperson	NED (I)	4	3
Mr. S. Vijaya Saradhi	Member	NED (I)	4	4
Mr. Palem Srikanth Reddy	Member	ED	4	4

received 2 complaints during the year and all of them have been redressed/answered to the satisfaction of investors. No investor grievance remained unattended/pending.

16. Performance evaluation criteria for independent directors:

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

Policy:

1. The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company’s operations.
2. In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
 - General understanding of the company’s business dynamics, global business and social perspective;
 - Educational and professional background
 - Standing in the profession;

- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

2.1 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other relevant laws.

3. Criteria of independence

3.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.

4. Other directorships/ committee memberships

4.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director’s service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

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

4.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

4.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

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

17. Name and designation of compliance officer:

Mr. Naveen Kumar, Company Secretary of the Company, is the Compliance Officer of the Company.

18. Details of complaints/requests received, resolved and pending during the year 2018-19:

NUMBER OF COMPLAINTS	NUMBER
Number of complaints received from the investors comprising non-receipt of securities sent for transfer and transmission, complaints received from SEBI / Registrar of Companies / Bombay Stock Exchange / National Stock Exchange / SCORE and so on	2
Number of complaints resolved	2
Number of complaints not resolved to the satisfaction of the investors as on March 31, 2018	0
Complaints pending as on March 31, 2018	0
Number of Share transfers pending for approval, as on March 31, 2018	0

19. **Pecuniary Relationship or Transactions Of The Non-Executive Directors Vis-À-Vis The Listed Company:** The Non-Executive Directors have no pecuniary relationship or transactions.

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

Policy:

1. Remuneration to Executive Director and key managerial personnel
 - 1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
 - 1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.
 - 1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:
 - (i) Basic pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options
 - (iv) Commission (Applicable in case of Executive Directors)
 - (v) Retrial benefits
 - (vi) Annual performance Bonus
 - 1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.
2. Remuneration to Non – Executive Directors
 - 2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.
 - 2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.
3. Remuneration to other employees
 - 3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

B. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2018-19 AND OTHER DISCLOSURES:

Name of the Director	Salary (Rs)	Sitting fees (Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
P.Srikanth Reddy	30,00,000	--	6,02,261	--	--	--	--
Sribhashyam Vijaya Saradhi	--	20,000	400	--	--	--	--
Atul Sharma	--	--	--	--	--	--	--
Richa Patnaik	--	--	--	--	--	--	--

20. Independent directors’ meeting:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 14.02.2019, to discuss:

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

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

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The details of the familiarization program is given at company's website ([www.palred.com/ Investor Relations](http://www.palred.com/Investor%20Relations)).

21. Remuneration policy:

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

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

Policy for selection of directors and determining directors' independence:

1. Scope:

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

2. Terms and References:

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

2.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

1. Scope:

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

2. Terms and Reference:

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

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

2.2 "Key Managerial Personnel" means

- (i) The Chief Executive Office or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The Whole-Time Director;
- (iv) The Chief Finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

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

22. Formal annual evaluation:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder and regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the independent directors of the company had a meeting on 14.02.2019 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 one non-independent director namely:

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

The meeting recognized the significant contribution made by Mr. P. Srikanth Reddy in directing the Company towards the success path and placing the Company globally in Software Development & E-Commerce business.

1. The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:
2. Preparedness for Board/Committee Meetings
3. Attendance at the Board/Committee Meetings
4. Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
5. Monitoring the effectiveness of the Company’s governance practices
6. Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
7. Ensuring the integrity of the Company’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

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

23. **Risk Management Committee: -**

The Company has an effective risk management procedure, which is governed at the highest level by the Board of Directors. However, to further strengthen & streamline the procedures about risk assessment and minimization procedures, the Board of Directors voluntarily constituted a Board level Risk Management Committee (RMC).

A.) Composition:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. Palem Srikanth Reddy	Chairperson	ED
Mr. Atul Sharma	Member	NED(I)
Mr. S. Vijaya Saradhi	Member	NED(I)

Role and responsibilities of the committee includes the following:

1. Framing of Risk Management Plan and Policy.
2. Overseeing implementation of Risk Management Plan and Policy
3. Monitoring of Risk Management Plan and Policy
4. Validating the process of risk management
5. Validating the procedure for Risk minimisation.
6. Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
7. Continually obtaining reasonable assurance from management that al known and emerging risks have been identified and mitigated or managed.

24. **Monitoring Governance of Subsidiary Companies**

Pursuant to regulation 16(1)(c) of the Listing Regulations, the Company has two material subsidiaries as on 31st March, 2019, i.e. Palred Technologies Services Private Limited and Palred Electronics Private Limited., the Company have material subsidiary pursuant to regulation 24 of the Listing Regulations and is required to appoint Independent Director on the Board of its material subsidiary. The Company has appointed Mr. S. Vijaya Saradhi on the Board of Palred Technologies Services Private Limited and Palred Electronics Private Limited.

The financial statements of the subsidiaries are reviewed by the Audit Committee. The minutes of the meetings of the subsidiaries are placed before the Board of Directors of the Company, and the Board has periodically noted and reviewed all significant transactions entered into by the subsidiaries. Investment proposals beyond threshold values are executed by the subsidiary companies only after positive recommendation by the Board/Investment and Risk Management Committee of the Company.

25. 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.

26. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued these types of securities.

27. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES:

Price and demand of the Company’s finished products are inherently volatile and remain strongly influenced by global economic conditions. Any fluctuation in finished product prices or currency has direct impact on the Company’s revenue and profits.

The Company considers exposure to commodity price fluctuations to be an integral part of our business and its usual policy is to sell its products at prevailing market prices. The Company has a well-defined policy framework wherein no speculative positions are taken and limited commodity hedging is done with endeavors to achieve month-average rates both in currency and metal prices. The Company follows the policy of taking forward cover for net foreign exposure, if the net is payable in foreign currency, with negligible exposure in non USD currencies All policies are periodically reviewed basis local and global economic environment.

28. Details on general body meetings:

A. Location, date and time of last three AGMs and special resolutions there at as under:

Financial Year	Date	Time	Location	Special / Ordinary Resolution
AGM 2017-18	29.09.2018	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	Yes
AGM 2016-17	28.09.2017	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	yes
EGM 2017-18	08.04.2017	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	yes
AGM 2015-16	30.09.2016	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	Yes

29. Passing of Resolutions By Postal Ballot

There were no resolutions passed by the Company through Postal Ballot during the financial year 2018-19.

30. Means Of Communication

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with Members through multiple channels of communication such as results announcement, annual report, media releases, Company’s website and subject specific communications.

The quarterly, half yearly and annual results of the Company’s performance are published in leading newspapers such as Business Standard and Navatelangana. These results are also made available on the website of the Company <https://www.palred.com/investor-relations/quarterly-results/>. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

All price sensitive information and matters that are material to Members are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. The stock exchange filings are also made available on the website of the Company <https://www.palred.com>.

31. General shareholder information:

A. Annual general meeting:

The 20th Annual General Meeting of the Company will be held as per the following schedule:

Day	Monday
Date	30th September, 2019
Time	09.00 a.m.
Venue	Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034

B. Venue: Financial Year And Financial Year Calendar 2019-20 (Tentative Schedule)

The financial calendar (tentative) shall be as under:

Financial Year	2019-2020
First Quarterly Results	14.08.2019
Second Quarterly Results	14.11.2019
Third Quarterly Results	14.02.2020
Fourth Quarterly Results	29.05.2020
Annual General Meeting for year ending 31 st March, 2020	30.09.2020

C. **Dividend Payment Date:** No Dividend was declared during the Financial Year 2018-19.

D. **Payment of Listing Fees:** The Company has paid annual listing fees for the financial year 2019-20 to the BSE and NSE within stipulated time.

E. Listing on stock exchanges & address:

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the year 2019-2020 to both the Stock Exchanges.

Name of Exchanges	
National Stock exchange of India Limited	BSE Limited
PALREDTEC	PALRED
Address: National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	Address: BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

F. Stock Market Price Data: BSE Limited & NSE Limited

Month	Bombay Stock Exchange(BSE)				National Stock Exchange(NSE)			
	Open Price	High Price	Low Price	Close Price	Open Price	High Price	Low Price	Close Price
Apr 18	72.15	87.00	69.00	78.00	74.85	87.65	69.70	77.80
May 18	79.00	85.00	69.15	73.80	82.30	86.00	68.60	72.60
Jun 18	72.45	73.85	54.55	58.80	72.40	75.00	53.95	57.00
Jul 18	58.00	59.30	38.90	43.75	58.85	58.95	38.75	44.00
Aug 18	43.10	51.90	40.10	49.00	43.50	53.00	42.60	49.05
Sep 18	50.65	51.30	34.30	38.50	52.00	52.00	37.10	38.10
Oct 18	38.00	38.00	27.20	33.05	38.10	39.80	29.05	34.00
Nov 18	33.90	37.70	25.10	27.75	33.70	38.85	26.90	27.95
Dec 18	29.70	40.30	26.00	40.30	29.90	40.80	24.70	40.80
Jan 19	43.10	53.15	33.55	37.75	43.95	53.80	33.30	38.15
Feb 19	40.40	40.90	23.35	28.30	37.00	41.35	26.10	28.45
Mar 19	29.50	39.40	28.00	31.20	29.95	36.80	27.15	31.80

G. Performance in comparison to Board based indices: (Rs. In Lakhs)


H. Registrar and share transfer agents:

M/s. Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032
Phone Number: 040-67162222, 67161526
Website: www.karvyfintech.com, Email- einward.ris@karvy.com

I. Share transfer system:

The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects. The Company Secretary has been empowered to approve the transfer of shares.

Effective April 1, 2019, SEBI has amended Regulation 40 of the SEBI Listing Regulations, which deals with transfer, transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form.

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

According to SEBI, this amendment will bring the following benefits:

It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities.

Transfer of securities only in demat form will improve ease, convenience and safety of transactions for investors.

J. Distribution Of Shareholding As On 31st March , 2019:

CATEGORY	NUMBER OF SHAREHOLDERS	%	AMOUNT	%
1 – 5000	12783	93.59	8962080	9.39
5001 – 10000	414	3.03	3200510	3.1
10001 – 20000	231	1.69	3465270	3.45
20001 – 30000	73	0.53	1808710	1.48
30001 – 40000	38	0.28	1354620	1.27
40001 – 50000	26	0.19	1181280	1.19
50001 – 100000	48	0.35	3275420	3.02
100001 and above	46	0.34	74077770	77.09
TOTAL	13659	100	97325660	100

K. Dematerialisation & liquidity of shares:

Palred Shares are tradable in Electronic Form. The Company has established electronic connectivity through Karvy Fintech Private Limited with both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE218G01033. As on March 31, 2019 99.88% of the shares were held in Dematerialised form and the rest in physical form.

Particulars	No. of Shares	% Share Capital
NSDL	81,04,446	83.27
CDSL	16,17,863	16.62
PHYSICAL	10,257	0.11
Total	97,32,566	100.00

We request the shareholders whose shares are held in physical mode to dematerialize the shares and update their bank accounts with the depository participants.

L. Outstanding GDRS/ADRS/Warrants or Convertible Instrument:

The Company has not issued GDRs/ADRs/Warrants or any other instruments convertible into equity.

M. Book closure date:

The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be from Tuesday, the 24th day of September, 2019 to Monday, the 30th day of September, 2019 (both days inclusive).

N. Electronic connectivity:

Demat ISIN Number: INE218G01033

- O. **National Securities Depository Limited**
Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013.
- P. **Central Depository Services (India) Limited**
Marathon Futurex, A-Wing, 25th floor,
NM Joshi Marg, Lower Parel, Mumbai 400013

Q. **SHAREHOLDING PATTERN AS ON 31ST MARCH, 2019:**

S. No.	CATEGORY OF SHAREHOLDER	No. of shares held	Percentage of shareholding
(A)	PROMOTER AND PROMOTER GROUP		
(1)	INDIAN		
(a)	Individual	36,77,080	37.78
(b)	Others	--	--
	Sub-Total A(1) :	36,77,080	37.78
(2)	FOREIGN	--	--
(a)	Individuals	--	--
	Sub-Total A(2) :	--	--
	Total A=A(1)+A(2)	36,77,080	37.78
(B)	PUBLIC SHAREHOLDING		
(1)	INSTITUTIONS		
(a)	Financial Institutions /Banks	60	0
(b)	Foreign Institutional Investors	7,01,586	7.21
	Sub-Total B(1) :	7,01,646	7.21
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	8,49,969	8.73
(b)	Individuals	38,51,332	39.57
(c)	Others		
(i)	CLEARING MEMBERS	3,154	0.03
(ii)	FOREIGN BODIES	2,16,948	2.23
(iii)	FOREIGN NATIONALS	3,10,647	3.19
(iv)	CORPORATE BODY - OTHERS	740	0
(v)	NBFC	1,00,000	1.03
(vi)	NON RESIDENT INDIANS	8,854	0.91
(vii)	TRUSTS	1,49,458	1.54
	Sub-Total B(2) :	53,53,570	55.01
	Total B=B(1)+B(2) :	60,55,216	62.22
	Total (A+B) :	97,22,242	100
	GRAND TOTAL (A+B+C) :	97,22,242	100

32. **Confirmation by the Board of Directors regarding acceptance of recommendation of all Committees:**

In terms of the amendments made to the Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from all its Committees.

33. Fees paid to Statutory Auditor:

A total fee of Rs. 26.88 Lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services to Walker Chandoik & Co. LLP, Statutory Auditors and all entities in the network firm/ network entity of which they are part.

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors, M/s. Walker Chandoik & Co. LLP and all entities in the network firm/ network entity of which they are part is as follows:

Particulars	Amount in Rs.
Audit fees	25,78,748
Fees for other services - Certification	-
Reimbursement of out of pocket expenses	1,09,500
Total	26,88,248

34. Other disclosures:

- i. Details of transactions with related parties as specified in Indian Accounting Standards (IND AS 24) have been reported in the financial Statements. During the year under review, there was no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company at large. The Audit Committee takes into consideration the management representation and an independent audit consultant's report, whilst scrutinizing and approving all related party transactions, from the perspective of fulfilling the criteria of meeting arms' length pricing and being transacted in the ordinary course of business. During the period, all transactions with related parties entered into by the Company were in the ordinary course of business and on an arm's length basis, were approved by the Audit Committee. The detailed Policy on Related Party Transactions is available on the website of the Company at www.palred.com.
- ii. The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.
- iii. In accordance with the provisions of the Act and Regulation 22 of the SEBI Listing Regulations the Company has in place a Vigil Mechanism and a Whistle-Blower Policy duly approved by the Audit Committee which provides a formal mechanism for all Directors and employees of the Company to approach the Management of the Company and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

The Company has revised the Whistle-Blower policy to insert "reporting of incidents of leak or suspected leak of UPSI" in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time and the revised policy was approved by the Board at its meeting held on February 14, 2019. Kindly refer to the Company's website at www.palred.com.
- iv. The policy for determining a material Subsidiaries and the policy on Related party transaction are available at www.palred.com
- v. The Company has complied with all the mandatory requirements of Corporate Governance as specified in sub paras (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations and disclosures on compliance with corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant sections of this report.
- vi. The Company also fulfils all the non-mandatory requirements as specified in Part E of the Schedule II of the SEBI Listing Regulations.
 - a) The company has an Executive Chairman.
 - b) The Company has moved towards a regime of Standalone and Consolidated Financial Statements with unmodified audit opinion.
 - c) The Internal Auditor makes presentations to the Audit Committee.
 - d) Shareholders Rights: The Company has adopted requirements with regard to sending of quarterly half yearly financial results to the Members of the Company.
- vii. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not applicable.

- viii. None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.
- ix. The Company has established an appropriate mechanism for dealing with complaints in relation to Sexual Harassment of Women at Workplace, in accordance with its Policy on Prevention of Sexual Harassment at Workplace ('POSH') which is available on the website of the Company. There was on Complaints received during the financial year.
- x. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read together with Schedule V(c) to the SEBI Listing Regulations.
- xi. Appropriate information has been placed on the Company's website pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- xii. Commodity price risk and commodity hedging activities: Not Applicable
- xiii. Disclosures with respect to demat suspense account/ unclaimed suspense account: Not Applicable

a. Address for Communication

Registered Office address: Plot No: 2, H. No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad – 500034.

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director

(DIN: 00025889)

Place: Hyderabad

Date: 26.08.2019

DECLARATION PURSUANT TO SCHEDULE V OF THE LISTING REGULATIONS

In accordance with Regulation 26 (3) and Schedule V of the Listing Regulations with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31st March 2019.

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director

(DIN: 00025889)

Place: Hyderabad

Date: 26.08.2019

**Annexure-G to the Director’s Report
COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members of
Palred Technologies Limited
Hyderabad

I have examined the compliance of conditions of Corporate Governance by Palred Technologies Limited (‘the Company’), for the Financial Year ended 31st March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

In my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of the Schedule V of the Listing Regulations during the period ended March 31, 2019.

I 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**

Place: Hyderabad
Date: 26.08.2019

Sd/-
Sarveswar Reddy
Practicing Company Secretary
C.P.No.7478

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Palred Technologies Limited
H. No. 8-2-703/2/b, Plot.No.2
Road.No.12, Banjara Hills,
Hyderabad, Telangana-500034

I have examined the relevant registers, records, forms, returns and disclosures received from Palred Technologies Limited having CIN L72200AP1999PLC033131 and having registered office at H.No. 8-2-703/2/b, plot.no.2 road.no.12, banjara hills hyderabad, Telangana-500034 (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No	DIN No	Name of the Director	Designation
1	00025889	Mr. Palem Srikanth Reddy	Promoter & Managing Director
2	03089889	Mr. S. Vijaya Saradhi	Independent Director
3	07185499	Mr. Atul Sharma	Independent Director
4	07274527	Mrs. Richa Patnaik	Independent Director

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.S. Reddy & Associates**

Place: Hyderabad
Date: 26.08.2019

Sd/-
Sarveswar Reddy
Practicing Company Secretary
C.P.No.7478

Annexures-H to the Director's Report
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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date: 30.05.2019
Place: Hyderabad

Sd/-
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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date: 30.05.2019
Place: Hyderabad

Sd/-
Atul Sharma
(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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date: 30.05.2019
Place: Hyderabad

Sd/-
Richa Patnaik
(Independent director)

Annexure- I

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 31STMARCH, 2019**

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”). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2018 and ended 31st March, 2019, 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:

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 31st March, 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under ;
 - ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Amended Regulations 2018;The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company’s website i.e. www.palred.com.
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto 10th November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11th November, 2018) - Not Applicable as there was no reportable event during the financial year under review;
 - d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. Not Applicable as the Company has not issued any debt securities during the year under review.
 - e. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.
 - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review.
 - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (up to 10th September, 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11th September, 2018): Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.
 - h. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable as the Company has not issued any ESOPS during the year under review.
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - vi. The Management has identified and confirmed the following laws as being specifically applicable to the Company:
 - a. Information Technology Act, 2000 and the rules made thereunder.

- b. Software Technology Parks of India rules and regulations.
- c. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund, ESIC, Compensation etc.,
- d. Clearance from Various Local Authorities.
- vii. We have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
- viii. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.
- ix. As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
- i. The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
- External Commercial Borrowings were not attracted to the Company under the financial year under report;
- Foreign Direct Investment (FDI) was complied by the company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
- x. 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.

We further report that:-

- i. The company has a Company Secretary namely Mr. Naveen Kumar .
- ii. The Company has the internal auditors namely M/s. Laxminiwas & Co. Chartered Accountants, Hyderabad.
- iii. The company has appointed Mr.P.Harish Naidu, as chief financial officer of the company with effect from March 23, 2019

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors; Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that based on the review of the compliance/ certificates of the Company Secretary which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For **S.S. Reddy & Associates**

Sd/-
Place: Hyderabad
Date: 26.08.2019

S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

Annexure- A to Secretarial Audit Report

To
The Members of
Palred Technologies Limited

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

1. Maintenance of secretarial records 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. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **S.S. Reddy & Associates**

Sd/-
Place: Hyderabad
Date: 26.08.2019

S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

FORM MR-3**SECRETARIAL AUDIT REPORT**

**Pursuant to section 204(1) of the Companies Act, 2013 and)
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

To
The Members of
M/s. Palred Technology Services Private 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 Services Private Limited (hereinafter called “the Company”). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2018 and ended 31st March, 2019, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technology Services Private Limited (“The Company”) for the financial year ended on 31st March, 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under ;
- ii. 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;

- iii. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
- iv. Other Laws, as informed and certified by the management of the company which are specially applicable to the company based on sector /industry are-
 - a. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC , Compensation etc.,
 - b. Clearance from Various Local Authorities.
- v. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:-

- iv. The Company has a Managing Director namely Mr. M .V. L.N. Murthy.
- v. The company has not appointed Company Secretary during the financial year 2018-19

vi. The company has appointed Mr.P.Harish Naidu, as chief financial officer of the company with effect from March 23, 2019

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors; Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that based on the review of the compliance/ certificates of the Company Secretary which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For **S.S. Reddy & Associates**

Place: Hyderabad
Date: 26.08.2019

Sd/-
S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

Annexure- A to Secretarial Audit Report

To
The Members of
Palred Technology Services Private Limited

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

1. Maintenance of secretarial records 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. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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**

Place: Hyderabad
Date: 26.08.2019

Sd/-
S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

FORM MR-3**SECRETARIAL AUDIT REPORT****Pursuant to section 204(1) of the Companies Act, 2013 and)****Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

To
The Members of
M/s. Palred Electronics Private 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 Electronics Private Limited (hereinafter called “the Company”). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2018 and ended 31st March, 2019, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Electronics Private Limited (“The Company”) for the financial year ended on 31st March, 2019, according to the provisions of:

- vi. The Companies Act, 2013 (the Act) and the rules made there under ;
- vii. 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;
- viii. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
- ix. Other Laws, as informed and certified by the management of the company which are specially applicable to the company based on sector /industry are-

Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund, ESIC ,Compensation etc.,
- x. Clearance from Various Local Authorities.
- xi. We have not examined compliance by the Company with applicable financial laws, like direct and

indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:-

- vii. The Company has a Managing Director namely Mr. Ameen Ashik Khwaja.
- viii. The company has not appointed Company Secretary during the financial year 2018-19

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors; Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that based on the review of the compliance/ certificates of the Company Secretary which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For **S.S. Reddy & Associates**

Place: Hyderabad
Date: 26.08.2019

Sd/-
S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

Annexure-A to Secretarial Audit Report

To
The Members of
Palred Electronics Private Limited

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

1. Maintenance of secretarial records 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. We have relied on the reports given by the concerned professionals in verifying the correctness and

appropriateness of financial records and books of accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **S.S. Reddy & Associates**

Sd/-

S. Sarveswar Reddy
Practicing Company Secretary
C. P. No: 7478

Place: Hyderabad
Date: 26.08.2019

Annexure- J
MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2018-2019

The Company is operating with the objects of building multiple verticals in various businesses post-sale of the core business in October 2013. These new domains of business in which the Company has invested during the year include Research & Development of Products in Consumer Electronics space such as Mobile and Tech Accessories, Computer Accessories, Lifestyle Products etc

The Company has three subsidiaries, Palred Electronics Private limited {(formerly known as Palred Online Technologies Private Limited} (PEP), Palred Technology Services Private Limited (PTS) and Palred Retail Private limited (PRP). Palred together with its subsidiaries, is hereinafter referred to as “the Group.”

The Company is a Public Limited Company incorporated and domiciled in India having its registered office in Hyderabad, Telangana. The Company is listed on Bombay Stock Exchange and National Stock Exchange of India Limited.

1. SUBSIDIARIES:

Palred Electronics Private Limited (PEP)

(Formerly known as Palred Online Technologies Private Limited (POT)

PEP offers a bouquet of mobile accessories products through its brand “PTron” to meet the needs of its consumers. PTron sells products like bluetooth headsets, portable bluetooth speakers, wired headsets, chargers and cables, smart watches, networking products and many more. The strength of PTron is that it has a wide range of products whose quality is backed by warranty, but offers them at competitive prices in the branded accessories category for the mid-market. PTron has successfully delivered over 5 Million products (mobile accessories like bluetooth earphones, smart watches, bluetooth speakers etc) to valued customers over multiple online platforms as well as offline distribution and retail channels in India. PTron has now expanded its business in the global markets and has set up distribution channels in countries like USA, Hong Kong, Myanmar, Nepal, Malaysia, Tunisia etc.

Palred Technology Services Private Limited (PTS)

PTS offers end-to-end services for ecommerce companies. PTS front-end services include ecommerce platforms and digital marketing services. PTS also provides backend support including database management, fulfilment centres, with associated services from 3PL partners. It has fulfilment centres in Delhi & Kurnool, Andhra Pradesh.

The Company also offers a bouquet of Products through its brand “Xmate” that is exclusively available on Amazon.in. Xmate Sells products like Bluetooth headsets, Bluetooth speakers, wired headsets, chargers and cables, Computer Accessories, Cameras & Camera Accessories etc.

Palred Retail Private Limited (PRP)

PRP owns ecommerce website, www.LatestOne.com and PTron.in. LatestOne.com is India’s only e-tailer specializing in tech and mobile accessories such as Bluetooth speakers and headsets, cables, power banks, headsets, smart watches, fashion accessories etc. It stocks over 10,000 different products in its inventory. The company also sells through other major online retailers like Flipkart, Amazon, Snapdeal and PayTM mall.

2. FINANCIAL PERFORMANCE:

A. Sources of Funds

1. Equity Share Capital

As on 31st March 2019, the Company has only one class of issued shares – Equity Shares of Par value of Rs. 10/- per share. The Authorised Capital of the Company is Rs. 35,00,00,000/- (Thirty Five Crores) divided into (a) 2,80,38,800 (two Crore Eighty Lacs Thirty Eight Thousand Eight Hundred Only) shares of Rs. 10/- (Rupees Five Only) each and (b) 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) Preference Shares of Rs.100/- each. The Paid up Equity Share Capital of the Company as on date of this report is Rs. 9,73,25,660 (Nine Crores Seventy Three Lakhs Twenty Five Thousand Six Hundred and Sixty) divided into 97,32,566 Equity Share of Rs. 10/- per share.

2. Other Equity:

2.1. Securities Premium Account:

The balance in Securities Premium Account as on March 31, 2019 was Rs. 6720.30 Lakhs as compared to the balance as on March 31, 2018 was Rs. 6720.30 Lakhs.

2.2. Capital reserve:

On a Standalone and Consolidated Basis, the Balance as at March 31, 2019, amounted to Rs. 142.8 Lakhs which was the same as previous year.

2.3. 2.3. General Reserve:

On a Standalone and Consolidated Basis, the balance as at March 31, 2019 stood at Rs. 1325.24 Lakhs which is the same as previous year.

2.4. Retained Earnings:

On a Standalone Basis, the balance as at March 31, 2019 stood at Rs. (6124.50) as compared to Rs. (1356.29) Lakhs in previous year, and Consolidated Basis, the balance as at March 31, 2019 stood at Rs. 6029.68 as compared to Rs. (4892.77) Lakhs in previous year.

3. Liabilities:
3.1. Non-current Liabilities:

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Other Financial liabilities	0	0	5100414	909400
Employee benefit obligations	377287	247480	1712848	1351698
Total	377287	247480	6813262	2261098

The Company provides for gratuity for employees in India as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionally for 15 days salary multiplied for the number of the years of service. The gratuity plan is unfunded.

3.2. Current Liabilities:

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Financial Liabilities				
Borrowings	0	0		0
Trade payables	0	0	0	3372923
Other Financial liabilities	0	0	6176572	29700272
	3812503	3353110	17485470	44524944
Other Current liabilities	227928	147249	1762831	4113616
Employee benefit obligations	0	0	19231	3985
Total Current Liabilities	4040431	3500359	25444104	81715740

On standalone basis, the Company has increased its total current liabilities to Rs. 40.40 Lakhs stood as on 31st March, 2019 as compared to Rs. 35 Lakhs in the previous year.

On consolidated basis, the Company has reduced its total current liabilities to Rs. 254.44 Lakhs stood as on 31st March, 2019 as compared to Rs. 817.16 Lakhs in the previous year.

B. Application of Funds:
1. Non- Current Assets:

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Property plant & Equipment	1329406	2120408	5869498	10441246
Goodwill (Consolidation)	0	0	0	21620434
Intangible Assets	0	301247	1739572	3584582
Financial Assets				
Investments	88076900	465400000	0	0
Loans	0		2455827	3389827
Other non- current assets	23420350	20755067	29668928	22469405
Total Non-Current Assets	112826656	488576722	39733825	61505494

Investments in Subsidiaries/ associates

Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited):

On April 28, 2018 and November 14, 2018, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 4 crores and Rs. 2 Crores respectively in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited).

The Company has undertaken valuation by an independent valuer and accordingly the investment of Rs. 4 Crores was made at Rs. 62.50/- per share including a premium of Rs. 52.50/- per share and Investment of Rs. 2 Crores was made at Rs. 29.60/- per share including a premium of Rs. 19.60/- per share.

The Company holds 83.17% stake in the said subsidiary

Palred Technology Services Private Limited:

On April 28, 2018 and September 21, 2018, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 1 crore each totalling to Rs. 2 Crores in Palred Technology Services Private Limited.

The Company has undertaken valuation by an independent valuer and accordingly the investment was made at Rs. 10/- per share

The Company holds 100% stake in the said subsidiary.

Palred Retail Private Limited:

On April 28, 2018, September 21, 2018 and November 14, 2018, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 4 Lakhs, Rs. 2 Crores and Rs. 58.15 Lakhs respectively in Palred Retail Private Limited.

The Company has undertaken valuation by an independent Valuer and accordingly the investment of Rs. 4 Lakhs, Rs. 2 Crores and Rs. 58.15 Lakhs was made at Rs. 10/- per share.

The Company holds 96.77% stake in the said subsidiary

2. Current Investments, Cash and Cash Equivalents:

On a standalone basis, balance in current investments is NIL as March 31, 2019 compared to Rs. 5986.84 Lakhs as at March 31, 2018. The cash and bank balance stand at Rs. 1935.68 Lakhs as at March 31, 2019 as compared to Rs. 2300.29 Lakhs as at March 31, 2018.

On a consolidated basis, balance in current investments is Rs. 10.58 Lakhs as March 31, 2019 compared to 753.25 Lakhs as at March 31, 2018. The cash and bank balance stand at Rs. 2300.17 Lakhs as at March 31, 2019 as compared to Rs. 2819.52 Lakhs as at March 31, 2018

III. RESULTS OF OUR OPERATIONS:

1. Income:

During the financial year ended 31 March 2014, Company had transferred its transportation and logistics software business and used the part of proceeds to refund it to the shareholders by way of dividends and reduction in share capital. Further, the Company also acquired investments in a subsidiary company engaged in the Consumer Electronics, e-commerce activities and IT services.

On a standalone basis, the Company has earned Rs. 153.75 Lakhs as dividend, interest and other income from non-trade investments

On a Consolidated basis, the Company has earned revenues of Rs. 3393.53 Lakhs from operations and Rs. 181.29 Lakhs from other income sources

As on date of this report, the Company has invested Rs. 856.97 Lakhs in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited) and Rs. 23.79 Lakhs in Palred Retail Private Limited. Investment in Palred Technology Services Private Limited has Net carrying Value NIL as on date. The value of Investment in Subsidiaries has reduced due to Provision of Impairment Loss accounted during F.Y. 2018-19.

Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited) has earned a total revenue of Rs. 2978.79 Lakhs in FY 2018-19 as compared to Rs. 5140.97 Lakhs in FY 2017-18 resulting in 41.36% reduction in net revenue year on year basis.

Palred Technology Services Private Limited has earned a total Revenue of Rs. 333.66 Lakhs in in FY 2018-2019 as compared to Rs. 181.25 Lakhs in FY 2017-2018 resulting in 84.09% growth in net revenue year on year basis.

Palred Retail Private Limited has earned a total Revenue of Rs. 751.34 Lakhs in in FY 2018-2019.

Thus on a consolidated basis, the total revenue of the Company is Rs. 3574.82 Lakhs compared to Rs. 5380.95 Lakhs in previous year

2. Expenditure:

On a Standalone Basis, the expenditure incurred towards employee benefit expenses is Rs. 64.09 Lakhs as against 66.83 Lakhs of previous year and Other Expenses are Rs. 69.72 Lakhs as against 70.23 Lakhs of previous year.

On a Consolidated Basis, the Total Expenditure is Rs. 4483.43 Lakhs as against Rs. 6023.24 Lakhs of previous year.

3. Operating Profit:

On a standalone basis, the company has earned operating Profit of Rs.9.02 Lakhs as against loss of 71.83 lakhs loss in previous year.

On a Consolidated Basis, the company has incurred operating loss of Rs. 908.61 Lakhs as compared to profit of Rs. 642.29 Lakhs of previous Year

4. Depreciation and Amortisation:

On a standalone basis, we provided Rs. 10.92 Lakhs and Rs. 22.63 Lakhs for the years ended March 31, 2019 and March 31, 2018 respectively

On a consolidated basis, we provided Rs. 70.16 Lakhs and Rs. 88.70 Lakhs for the years ended March 31, 2019 and March 31, 2018 respectively

5. Net Profit/Loss after tax:

On a standalone basis, the company has earned net loss of Rs. 4768.73Lakhs as against Profit of 71.44 lakhs loss in previous year. On a Consolidated Basis, the company has incurred net loss of Rs. 1104.10Lakhs as compared to profit of Rs. 644.12 Lakhs of previous Year.

6. Liquidity:

On a standalone basis, the company has no operations. The Company has utilized Rs. 150.67 Lakhs from investing activities during 2018-2019 compared to generation of Rs. 2042.59 Lakhs during 2017-2018. The Company has also used Rs.151.81Lakhs from operating activities during 2018-2019 compared to Rs. 159.72 Lakhs during 2017-2018.

On a Consolidated Basis, the net cash used in operations is Rs. (1374.51) Lakhs as against (948.28) Lakhs net cash used in previous Year

7. Related Party Transactions:

These have been discussed in detail in notes to the standalone Financial Statements in Annual report

8. Events occurring after Balance Sheet Date**Investment in Subsidiary:**

In May2019, the Company has Invested Rs. 2 Crores in its subsidiary company, Palred Technology Services Private Limited by way subscribing 2000000 equity shares of Rs. 10/- each at a par on private placement basis.

IV. STRATEGY, OUTLOOK, OPPORTUNITIES AND THREATS:**A. Objective and Strategy:**

Palred Group aims to become a market leader in various products of Consumer Electronics business in India. The Company aims to achieve this unique position by combination of following factors:

- i. Creation of Innovative Products that are geared towards customer needs and that can be produced economically
- ii. Focus on enhancing customer benefit in terms of products and services as well as on close consumer contact
- iii. Proactive identification of future needs and technical applications
- iv. High value addition through combination of technology, systems & processes
- v. Simplification of a complex business involving continuously changing products and thousands of stock keeping units (SKU)/items.
- vi. End-to-end integration and implementation of Systems, Processes and Automation for efficient and scalable operations.
- vii. High quality Products backed by warranty
- viii. Steady and continuous development of brand (PTron)

b. Outlook, Risks and Concerns:

The Consumer Products Industry has been experiencing very intense competition for many years and we are operating in a market that is changing very quickly.

B. Intellectual Property Infringement:

As product development depends on the intellectual property created by its employees, we need to ensure that the same do not infringe any other proprietary technology rights. We have intellectual property rights to take care of trade secrets, copyright and trademark laws and confidentiality agreements for our employees, third parties offering only limited protection. The steps taken by us as well as laws of most advanced countries do not offer effective protection of intellectual property rights. Third parties could claim infringement of property rights against the Company or also assert the same against our customers, which would require protracted defence and costly litigations on behalf of our customers.

C. Risks and risk management and their implementation

The systematic analysis, evaluation and management of potential risks are decentralized within the Palred Group. Every organizational unit is responsible for detailing its own risk register, which it must then use to establish countermeasures for managing risks. The purpose is to identify and avert potential damage to the company at an early stage. All registers are centrally coordinated and aggregated so the Management Team has an overview at all times of the most significant risks and the measures being taken to manage them. Within the scope of independent audits, the Audit Department monitors the individual corporate entities with regard to early risk identification and compliance management by performing random inspections. The Management Team is informed directly and immediately of the findings.

The risks of procuring certain parts and components, product compliance and IT security are among the most important issues for which the Palred Group is taking countermeasures. IT security risks are addressed through technical and organizational measures. Effective customer management minimize the impact of potential defaults on receivables.

Financial Performance

Prudent Financial Planning, effective resource allocation and tight financial control have ensured that the cash flows of the Company remain healthy. The ability of the Company to raise credit remains unimpaired

V. INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company has adopted strong and automated internal business controls and a process framework that is not only adequate for its current size of operations but can effectively support increases in growth and complexity across our business operations. A well established and empowered system of internal financial audits and automated control procedures ensures prudent financial control, flexibility in terms of process changes to enable course correction.

Internal auditors submits reports and updates to the audit committee of the Board, which conducts frequent reviews and provides direction and operational guidance on new processes to be implemented to further enhance efficiencies within the Company.

The Company is in the process of implementing Enterprise Resource Planning along with various business controls which would have automatic internal control systems to identify errors and also provide better MIS.

VI. HUMAN RESOURCES:**A. Objective and Strategy:**

Capability building, Talent Management and Employee Engagement remain the key focus of your company's Human Resource Strategy. Your Company has continued to build on its capabilities in getting the right talent to support the different technology areas. They are backed by robust management training schemes, hiring of key management personnel, and sales training.

Human Resources are the most valuable asset for the Company and Palred Technologies continues to seek, retain and enrich the best available talent. The Human Resource plays an important role in the growth and success of the Organization. Your Company has maintained cordial and harmonious relations with all the employees.

The Company provides an environment which encourages initiative, innovative thinking and rewards performance. The Company ensures training and development of its personnel through succession planning, job rotation, on-the-job training and various trainings and workshops.

B. Culture, Values and Leadership

Your Company has a written code of conduct and ethics to make employees aware of ethical requirements and Whistle Blower Policy for reporting violations, if any.

Your Company has internal structured succession planning to take care of loss of any member of senior management or other key management personnel. Since inception your Company is committed to developing next generation leaders and conduct personality development and development work of skills acquired by them over the years. Your Company encourages an "Equal Employment Opportunity Policy" which discourages discrimination for employment on account of sex, race, colour, religion, physical challenge and so on.

As the Company operates in a niche industry that requires high techno functional expertise. The employees constantly need to enhance their technical and functional knowledge and so regular training sessions on specific technical skills and domain knowledge were conducted.

VII. CAUTIONARY STATEMENT:

Statements in the “Management Discussion and Analysis” describing the company’s objectives, estimates, expectations or projections may be “forward looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations; include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

VIII.DETAILS OF SIGNIFICANT CHANGES (I.E., CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN THE KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREOF:

Particulars	Standalone basis		Remarks
	2018-19	2017-18	
Debtors Turnover Ratio	0	0	
Inventory Turnover Ratio	0	0	
Interest Coverage Ratio	0	0	
Current Ratio	84.48	48.32	The Company has made an Investment in Palred Retail Private Limited during the F.Y.2018-19 due to which the Current ratio for the F.Y. 2018-19 has increased
Debt Equity Ratio	0.01	0	
Operating Profit Margin Ratio	0	0	
Net Profit Margin Ratio	0	0	
Particulars	Consolidated basis		Remarks
	2018-19	2017-18	
Debtors Turnover Ratio	22.86	0	Change of business model from B2C to B2B
Inventory Turnover Ratio	3.19	3.92	No significant change
Interest Coverage Ratio	-123.15	-162.66	Huge difference due to high usage of OD in FY 2017-18
Current Ratio	12.69	5.66	The Company has made an Investment in Palred Retail Private Limited during the F.Y.2018-19 due to which the Current ratio for the F.Y. 2018-19 has increased
Debt Equity Ratio	1.15	1.23	No significant change
Operating Profit Margin Ratio	-0.31	-0.16	Change of business model from B2C to B2B
Net Profit Margin Ratio	-0.38	-0.18	Change of business model from B2C to B2B

Return on Net Worth:

Particulars	Standalone basis		Consolidated Basis	
	2018-19	2017-18	2018-19	2017-18
Return on Net Worth	0.05	0.03	1.13	1.26

There is a reduction in Return in Return on Net Worth ratio as the Company has incurred a loss on Exceptional Item due to impairment of Investment in Subsidiaries during the F.Y. 2018-19.

IX. DISCLOSURE OF ACCOUNTING TREATMENT:

During the preparation of Financial Statement of F.Y. 2018-19 the treatment as prescribed in an Accounting Standard has been followed by the Company. There is no discrepancy in Accounting Treatment as followed by the Company in current financial year as compared to previous financial year.

Annexure-K**CFO COMPLIANCE CERTIFICATE**

I, P. Harish Naidu, Chief Financial Officer of Palred Technologies Limited certify that:

- A. I have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. 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 listed entity's code of conduct.
- C. I accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- D. I have indicated to the Auditors and to the Audit Committee:
1. that there are no significant changes in internal control over financial reporting during the year;
 2. that there are no significant changes in accounting policies during the year;
 3. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

For Palred Technologies Limited

Date: 26.08.2019
Place : Hyderabad

Sd/-
P. Harish Naidu
CFO

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Palred Technologies Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment in equity shares of subsidiary companies</p> <p>The Company has made investments in equity shares of its subsidiary companies amounting to ₹565,800,000 as disclosed in Note 9(a) to the accompanying standalone financial statements for the year ended 31 March 2019.</p> <p>Such investments are accounted for at cost in accordance with Ind AS 27, Separate Financial Statements, as mentioned in Note 4.10 of the accompanying standalone financial statements. The Company assesses the recoverable amount of the investment when impairment indicators exists, by comparing the fair value (less costs of disposal) and carrying amount of the investment as on the reporting date.</p> <p>The investments were tested for impairment on account of continuous losses incurred by the subsidiaries as disclosed in Note 9(a) to the standalone financial statements. The process for measuring and recognizing impairment loss is complex and requires significant management judgement.</p> <p>The key assumptions underpinning management's assessment of the valuation include, but are not limited to, projections of recoverable amounts of recognized assets and liabilities and market valuation of the company. The recovery of the investments depends on the subsidiaries establishing profitable business in the future.</p> <p>Based on the above impairment testing, the management has provided for impairment of the carrying value of the investment in subsidiaries for ₹477,723,100 as disclosed in Note 9(a) to the accompanying standalone financial statements.</p> <p>Considering the materiality, complexity and significance of judgement involved, the valuation of aforesaid investments has been considered to be a key audit matter for current year's audit.</p>	<p>Our audit procedures in relation to the valuation of the investments included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's processes and controls for determining the valuation of investments. • Evaluated the design of and tested the operating effectiveness of the key controls around the valuation of investment. • Assessed the appropriateness of the valuation methodology used to arrive at the estimated value of the investments using an auditor's expert; • Tested the accuracy of the input data used by the management; • Compared the pro-rata share of net assets of each of the subsidiaries to the investment held by the Company and market value of the Company to the consolidated net worth; • Tested the mathematical accuracy of the impairment calculations; • Evaluated the appropriateness of disclosures made in the financial statement in relation to such investments and their fair valuation as required by applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
15. This report does not include a statement on the matters specified in paragraph 3 of the Companies (Auditor’s Report) Order 2016 (“the Order”), issued by the Central Government of India in terms of Section 143(11) of the Act, since in our opinion and according to the information and explanations given to us, the Order is not applicable.
16. Further to our comments in Annexure A, 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 Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2019 as per Annexure B expressed unmodified; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 19 to the standalone financial statements, 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 as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 30 May 2019

Annexure A to the Independent Auditor’s Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone 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, and to the best of our knowledge and belief, 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.
 - (c) The Company does not hold any immovable property (in the nature of ‘Property, plant and equipment’). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, 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) 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 / services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and services tax, duty of customs and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been slight delay in 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, service tax, duty of customs, duty of excise and value added tax 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	6,543,580	-	Financial year 2013-14	Income-tax Appellate Tribunal, Hyderabad

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Nikhil Vaid
Partner
Membership No.: 213356

Place : Hyderabad
Date : 30 May 2019

Annexure B to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2019

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Palred Technologies Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 30 May 2019

Palred Technologies Limited
Balance Sheet as at 31 March 2019
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,329,406	2,120,408
Intangible assets	8	-	301,247
Financial assets			
Investments	9(a)	88,076,900	465,400,000
Other non-current assets	10	23,420,350	20,755,067
Total non-current assets		112,826,656	488,576,722
Current assets			
Financial assets			
Investments	9(b)	-	59,868,397
Cash and cash equivalents	9(c)	1,273,564	1,387,716
Bank balances other than cash and cash equivalents	9(d)	192,294,807	228,640,997
Other financial assets	9(e)	1,599,352	5,515,638
Other current assets	10	79,398	288,381
Total current assets		195,247,121	295,701,129
Total assets		308,073,777	784,277,851
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	97,325,660	97,325,660
Other equity	12	206,330,399	683,204,352
Total equity		303,656,059	780,530,012
LIABILITIES			
Non-current liabilities			
Provision	14	377,287	247,480
Total non-current liabilities		377,287	247,480
Current liabilities			
Financial liabilities			
Other financial liabilities	13(b)	3,812,503	3,353,110
Other current liabilities	15	227,928	147,249
Total current liabilities		4,040,431	3,500,359
Total liabilities		4,417,718	3,747,839
Total equity and liabilities		308,073,777	784,277,851

The accompanying notes form 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
Firm's Registration No.: 001076N/N500013

For and behalf of board of directors of
Palred Technologies Limited

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy **S. Vijaya Saradhi**
Managing Director Director
DIN : 00025889 DIN : 03089889

Place: Hyderabad
Date: 30 May 2019

Pinekalapati Harish Naidu
Chief Financial Officer
Place: Hyderabad
Date: 30 May 2019

Palred Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2019	31 March 2018
Other income	16	15,375,849	23,152,746
Total income		15,375,849	23,152,746
Expenses			
Employee benefits expenses	17	6,409,250	6,683,201
Depreciation and amortisation expenses	7, 8	1,092,249	2,263,120
Other expenses	18	6,972,267	7,023,194
Total expenses		14,473,766	15,969,515
Profit before exceptional item		902,083	7,183,231
Exceptional item	9(a)	(477,723,100)	-
Profit/(loss) for the year		(476,821,017)	7,183,231
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement of employment benefit obligations		52,936	38,554
Other comprehensive loss for the year		(52,936)	(38,554)
Total comprehensive income/(loss) for the year		(476,873,953)	7,144,677
Earnings Per Equity Share [EPES]			
Basic and Diluted EPES		(48.99)	0.75
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		9,732,566	9,570,210
Nominal value per equity share		10	10

The accompanying notes form an integral part of these standalone financial statements.

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

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

For and behalf of board of directors of
Palred Technologies Limited

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Pinikalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

Palred Technologies Limited
Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ unless otherwise stated)

	31 March 2019	31 March 2018
Cash flows from operating activities		
Profit/(Loss) before tax	(476,821,017)	7,183,231
Adjustments to reconcile profit/(loss) before tax to net cash flows		
Dividend income from mutual funds	(497,641)	(5,101,641)
Interest income	(14,878,208)	(12,459,200)
Impairment towards investment in subsidiaries	477,723,100	-
Provision no longer required, written back	-	(5,211,292)
Advances written off	-	24,796
Depreciation and amortisation expenses	1,092,249	2,263,120
Operating loss before working capital changes	(13,381,517)	(13,300,986)
Movements in working capital		
Changes in other assets	(1,128,414)	(693,647)
Changes in financial liabilities	498,292	(1,342,280)
Changes in provisions	76,871	55,820
Changes in other current liabilities	80,679	2,802
Cash used in operating activities	(13,854,089)	(15,278,291)
Income taxes paid, net	(1,327,886)	(694,356)
Net cash used in operating activities	A (15,181,975)	(15,972,647)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(207,395)
Investment in subsidiaries	(100,400,000)	(130,000,000)
Redemption/(investment) in term deposits, net	36,307,290	(226,000,000)
Net proceeds from mutual funds	59,868,397	139,864,654
Dividend income from mutual funds	497,641	5,101,641
Interest received	18,794,495	6,943,563
Net cash used in/(generated from) investing activities	B 15,067,823	(204,297,537)
Cash flows from financing activities		
Proceeds from issuance of equity shares	-	220,095,035
Net cash from financing activities	C -	220,095,035
Net decrease in cash and cash equivalents (A+B+C)	(114,152)	(175,149)
Cash and cash equivalents at the beginning of year	1,387,716	1,562,865
Cash and cash equivalents as at the end of the year	1,273,564	1,387,716

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

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and behalf of board of directors of

Palred Technologies Limited
Nikhil Vaid

Partner

Membership No.: 213356

Palem Srikanth Reddy

Managing Director

DIN : 00025889

S. Vijaya Saradhi

Director

DIN : 03089889

Pinekalapati Harish Naidu

Chief Financial Officer

Place: Hyderabad

Date: 30 May 2019

Place: Hyderabad

Date: 30 May 2019

Palred Technologies Limited
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in ₹ unless otherwise stated)

A. Equity share capital

	31 March 2019		31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid up				
Balance at the beginning of the year	9,732,566	97,325,660	8,213,083	82,130,830
Issue of equity shares	-	-	1,519,483	15,194,830
Balance at the end of the year	9,732,566	97,325,660	9,732,566	97,325,660

B. Other equity

	Reserves and surplus				OCI	Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Remeasurement of defined benefit plans	
As at 1 April 2017	14,280,000	467,129,888	132,524,353	(142,812,319)	37,548	471,159,470
Issue of equity shares	-	204,900,205	-	-	-	204,900,205
Profit for the year	-	-	-	7,183,231	-	7,183,231
Other comprehensive loss	-	-	-	-	(38,554)	(38,554)
Total comprehensive income	-	-	-	7,183,231	(38,554)	7,144,677
At 31 March 2018	14,280,000	672,030,093	132,524,353	(135,629,088)	(1,006)	683,204,352
Loss for the year	-	-	-	(476,821,017)	-	(476,821,017)
Other comprehensive loss	-	-	-	-	(52,936)	(52,936)
Total comprehensive loss	-	-	-	(476,821,017)	(52,936)	(476,873,953)
At 31 March 2019	14,280,000	672,030,093	132,524,353	(612,450,105)	(53,942)	206,330,399

This is the Statement of Changes in Equity referred to in our report of even date.

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

For and behalf of board of directors of
Palred Technologies Limited

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Pinekalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless 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 erstwhile Companies Act 1956. The Company's equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE').

The Company has its registered office at H. No. 8-2-703/2/B, Plot No. 2, Road No. 12, Banjara Hills, Hyderabad, Telangana – 500 034.

2. General information and statement of compliance with Ind AS

The standalone financial statements of the Company have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')) as amended from time to time. The Company has uniformly applied the accounting policies during the periods presented, unless otherwise stated elsewhere in these financial statements.

These financial statements for the year ended 31 March 2019 were authorized and approved for issue by the Board of Directors on 30 May 2019.

3. Basis of preparation of separate financial statements

The financial statements have been prepared on going concern basis under the historical cost basis except for the following:

- i. certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- ii. employee defined benefit liabilities are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, if any.

4. Summary of significant accounting policies

4.0 Operating Cycle and Current versus non-current classification

The Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

An **asset** is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A **liability** is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

4.1 Fair value measurement

The Company measures financial instruments at fair value upon initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.2 Revenue recognition

The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, using modified retrospective application method with effect from 1 April 2018 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 115. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements of the Company as the Company is yet to identify the business opportunities in the areas of IT solutions and services.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Interest Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

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

(All amounts in ₹ unless otherwise stated)

Dividend

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

4.3 Taxes

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled and are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

As at 31 March 2019 and 31 March 2018, the Company has deferred tax assets primarily on account of unabsorbed business loss, unabsorbed tax depreciation and other items, which have not been recognized on the grounds of prudence. Consequently, there is no deferred tax asset or liability recorded in the financial statements as at reporting periods presented.

Further, as at 31 March 2019 and 31 March 2018, the Company has MAT credit of ₹91,753,770, carried forwarded under the income-tax laws, not recognised in books due to lack of reasonably certainty.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

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

(All amounts in ₹ unless otherwise stated)

4.4 Property, plant and equipment (PPE)

All items of property, plant and equipment are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Depreciation on property, plant and equipment is provided on the written down value method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.5 Intangible assets

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The Company amortises intangible assets with a finite useful life using the straight-line method over 5 years.

4.6 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

4.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

4.8 Provisions and contingencies

Provisions

Provisions for legal claims, chargebacks and sales returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are disclosed when probable and recognised when realization of income is virtually certain.

4.9 Employee benefits

Defined contribution plan

The Company's contribution to provident fund and employee state insurance schemes is charged to the Statement of Profit and Loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. There are no other obligations other than the contribution payable to the respective fund.

Defined benefit plan

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on an undiscounted and accrual basis during the period when the employee renders service of the benefit.

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

(All amounts in ₹ unless otherwise stated)

4.10 Investments in subsidiaries

The Company has elected to recognise its investments in equity instruments in subsidiaries at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

4.11 Financial instruments**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in debt and equity instruments.

Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Equity instruments

Equity instruments/Mutual funds in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the Statement of Profit and Loss.

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All equity investments in scope of Ind AS 109 are measured at fair value. Equity investments which are held for trading are classified as fair value through profit and loss account (FVTPL). For all other equity investments, the Company may make an irrevocable election to present in OCI subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain/loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

(All amounts in ₹ unless otherwise stated)

De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets.

The Company follows 'simplified approach' for recognition of impairment loss allowance on other receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

(All amounts in ₹ unless otherwise stated)

Financial liabilities*Initial recognition and measurement*

Financial liabilities are measured at fair value on initial recognition. The Company's financial liabilities include trade and other payables and other financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Other payables

These amounts represent liabilities for services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.12 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.13 Earnings Per Equity Share (EPES)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14 Cash and cash equivalent

Cash and cash equivalent represent cash and bank balances and fixed deposits with banks with original maturity of less than three months. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

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

(All amounts in ₹ unless otherwise stated)

4.15 Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

4.16 Cash dividend

The Company recognises a liability to make cash dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5. Standard not yet effective

Information on new standard, amendment and interpretation that are expected to be relevant to the financial statements is provided below.

Ind AS 116 - Leases

On 30 March 2019, Ministry of Corporate Affairs has notified the Ind AS 116, Leases. It requires all leases to be accounted on the balance sheet by recognising a right of use asset and a corresponding lease liability, with an exception of certain short term leases and leases of low value assets. The new standard is applicable from 1 April 2019. The company has evaluated the effect of this on the financial statements and the impact is not material.

6. Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

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

(All amounts in ₹ unless otherwise stated)

Impairment of investments of subsidiaries

Management evaluates the recoverability of subsidiaries with the changes in the competition and customers approach. Where the indication of impairment exists, the management considers for creating a provision for impairment and the same is adjusted with reducing the net assets book values of subsidiaries. The process for measuring and recognising impairment loss is complex and requires significant management judgement. The key assumptions underpinning management's assessment of the valuation include, but are not limited to, projections of recoverable amounts of recognized assets and liabilities and market valuation of the Company. The recovery of the investments depends on the subsidiaries establishing profitable business in the future. Details of the such evaluation is given in notes regarding the impairment.

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

(All amounts in ₹ unless otherwise stated)

7. Property, plant and equipment

	Computers	Office equipment	Furniture and fixture	Vehicles	Leasehold improvements	Total
Gross carrying amount						
As at 1 April 2017	380,549	578,806	3,746,545	34,178	316,020	5,056,098
Additions	193,435	13,960	-	-	-	207,395
As at 31 March 2018	573,984	592,766	3,746,545	34,178	316,020	5,263,493
Additions	-	-	-	-	-	-
As at 31 March 2019	573,984	592,766	3,746,545	34,178	316,020	5,263,493
Accumulated depreciation						
Up to 31 March 2017	221,371	226,429	908,662	8,802	58,163	1,423,427
Charge for the year	249,219	234,140	1,048,736	6,699	180,864	1,719,658
Up to 31 March 2018	470,590	460,569	1,957,398	15,501	239,027	3,143,085
Charge for the year	57,026	63,557	611,474	4,835	54,110	791,002
Up to 31 March 2019	527,616	524,126	2,568,872	20,336	293,137	3,934,087
Net carrying amount						
As at 31 March 2019	46,368	68,640	1,177,673	13,842	22,883	1,329,406
As at 31 March 2018	103,394	132,197	1,789,147	18,677	76,993	2,120,408

8. Intangible assets

	Computer Software
Gross carrying amount	
As at 1 April 2017	1,517,035
Additions	-
As at 31 March 2018	1,517,035
Additions	-
As at 31 March 2019	1,517,035
Accumulated amortization	
Up to 31 March 2017	672,326
Charge for the year	543,462
Up to 31 March 2018	1,215,788
Charge for the year	301,247
Up to 31 March 2019	1,517,035
Net carrying amount	
As at 31 March 2019	-
As at 31 March 2018	301,247

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

(All amounts in ₹ unless otherwise stated)

9 Financial assets
(a) Non-current investments

	31 March 2019	31 March 2018
Investments in equity instruments, unquoted, fully paid-up		
Investment in subsidiary at cost less impairment loss		
(i) Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited), principal place of business at Hyderabad, India		
-Number of shares	26,861,747	25,546,072
-Par value of each share	10	10
-% of holding	83.17%	82.45%
Gross carrying amount	435,300,000	375,300,000
Impairment towards investments	349,602,930	-
Net carrying amount	85,697,070	375,300,000
(ii) Palred Retail Private Limited, principal place of business at Kurnool, India		
-Number of shares	2,040,000	-
-Par value of each share	10	-
-% of holding	96.77%	-
Gross carrying amount	20,400,000	-
Impairment towards investments	18,020,170	-
Net carrying amount	2,379,830	-
(iii) Palred Technology Services Private Limited, principal place of business at Hyderabad, India		
-Number of shares	11,010,000	9,010,000
-Par value of each share	10	10
-% of holding	100%	100%
Gross carrying amount	110,100,000	90,100,000
Impairment towards investments	110,100,000	-
Net carrying amount	-	90,100,000
	88,076,900	465,400,000
Aggregate amount of quoted investments	-	-
Aggregate book value of unquoted investments	565,800,000	465,400,000
Aggregate amount of impairment of value in investments	477,723,100	-

Exceptional item - Impairment towards investment in subsidiaries

The investments in subsidiaries are tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the financial year ended 31 March 2019, due to increase in the competition and the customer acquisition costs, the management has estimated the recoverable amount of investments in subsidiaries based on the projections of recoverable amounts of recognized assets and liabilities of Palred Group and market valuation of the Company. On the basis of Management evaluation, the aggregate carrying amount of investments exceeds the aggregate recoverable amount by ₹477,723,100 and accordingly, the Board of Directors of the Company have considered to create a provision against such investments in subsidiaries amounting to ₹477,723,100 for the year ended 31 March 2019 under exceptions item, considering the significance of the item.

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

(b) Current investments

	31 March 2019	31 March 2018
Investments in mutual funds, non-trade, unquoted		
Nil (31 March 2018: 4,596,326) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan	-	59,865,772
Investments in equity instruments of wholly owned subsidiary, trade, unquoted		
10,000,000 (31 March 2018: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	-	2,625
Total current investments	-	59,868,397

* The Company has applied for liquidation of Four Soft Sdn.Bhd., Malaysia in the year ended 31 March 2014.

Aggregate amount of quoted investments	-	-
Aggregate book value of unquoted investments	2,625	59,868,397
Aggregate amount of impairment of value in investments	2,625	-

(c) Cash and cash equivalents

	31 March 2019	31 March 2018
Balances with banks		
– in current accounts	1,248,161	1,364,165
Cash on hand	15,716	13,864
Fixed deposits with original maturity of less than three months	9,687	9,687
	1,273,564	1,387,716

(d) Bank balances other than cash and cash equivalents

	31 March 2019	31 March 2018
Balance in unpaid dividend account (year: 2013-14)	1,840,195	1,840,195
Balance in unpaid capital reduction account	800,802	800,802
Fixed deposits with original maturity of more than three months but less than twelve months	189,653,810	226,000,000
	192,294,807	228,640,997

(e) Other financial assets

	31 March 2019	31 March 2018
Unsecured, considered good		
Interest accrued but not due on fixed deposits	1,599,352	5,515,638
	1,599,352	5,515,638

10 Other assets

	31 March 2019	31 March 2018
Unsecured, considered good		
Non-current		
Advance tax (net of provision)	21,993,686	20,114,235
Balances with government authorities	1,426,664	640,832
	23,420,350	20,755,067
Current		
Prepaid expenses	79,398	51,372
Others	-	237,009
	79,398	288,381
	23,499,748	21,043,448

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

(All amounts in ₹ unless otherwise stated)

11 Equity share capital

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹10 each	28,038,800	280,388,000	28,038,800	280,388,000
14% preference shares of ₹100 each	696,120	69,612,000	696,120	69,612,000
Issued, subscribed and fully paid up shares				
Equity shares of ₹10 each	9,732,566	97,325,660	9,732,566	97,325,660
	9,732,566	97,325,660	9,732,566	97,325,660

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
At the beginning of the year	9,732,566	97,325,660	8,213,083	82,130,830
Add: Issue of equity shares	-	-	1,519,483	15,194,830
Balance at the end of the year	9,732,566	97,325,660	9,732,566	97,325,660

(b) Terms attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

(c) Shareholders holding more than 5% equity shares in the Company

	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	1,000,000	10.27%	1,000,000	10.27%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	10.27%
Sanhita Reddy	1,000,000	10.27%	1,000,000	10.27%
Passage to India Master Fund Limited	701,586	7.21%	701,586	7.21%
Ashish Dhawan	678,189	6.97%	678,189	6.97%
Palem Srikanth Reddy	602,261	6.19%	602,261	6.19%

(d) Shares reserved for issue under options

The Company has established Palred Employee Stock Option Scheme 2016 ('ESOP 2016') to administer for grant of options not exceeding 400,000 equity shares to eligible employees. The minimum vesting period shall be one year from the date of grant of options and maximum vesting period shall not exceed five years. The exercise price per option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on the date of grant of option.

(e) Capital reduction of equity shares during 5 years immediately preceding the Balance Sheet date

Subsequent to the approval of the High Court of Judicature at Hyderabad for the state of Telangana and Andhra Pradesh for reduction of 60% of the paid up equity share capital during the financial year ended 31 March 2016, the Company has returned an amount of ₹16.50 at a premium of ₹11.50 per share and cancelled and extinguished 60% of the equity shares of the Company of face value of ₹5 each in July 2015. After reduction, the issued, subscribed and paid-up equity share capital of ₹195,184,850 consisting of 39,036,970 equity shares of ₹5 each fully paid-up was reduced to ₹78,073,940 consisting of 15,614,788 equity shares of ₹5 each.

	Number of shares
	1 April 2014 to 31 March 2019
Aggregate number of capital reduction of equity shares	23,422,182

Palred Technologies Limited
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(All amounts in ₹ unless otherwise stated)

12 Other equity

	31 March 2019	31 March 2018
Reserves and surplus		
Capital reserve	14,280,000	14,280,000
General reserve	132,524,353	132,524,353
Securities premium	672,030,093	672,030,093
Retained earnings	(612,450,105)	(135,629,088)
Other comprehensive income		
Remeasurement of defined benefit plans	(53,942)	(1,006)
	206,330,399	683,204,352

Nature and purpose of reserves
Capital reserve

This reserve represents creation of capital reserve pursuant to the scheme of amalgamation.

General reserve

The general reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Securities premium

Securities premium is used to record the premium on the issue of the shares and utilized in accordance with the provisions of the Act.

Remeasurement of defined benefit plans

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit or loss.

13 Financial liabilities

(a) The details of dues to Micro and Small Enterprises are as follows :

	31 March 2019	31 March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year;	-	-
ii) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed date during the accounting year;	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purposes of disallowance as a deductible expenditure under the section 23 of the MSMED Act, 2006.	-	-

This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company. The auditors have placed reliance on the information provided by the Management.

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

(All amounts in ₹ unless otherwise stated)

(b) Other financial liabilities

	31 March 2019	31 March 2018
Unpaid dividends	1,840,195	1,840,195
Unclaimed capital reduction	800,802	800,802
Other payables	1,171,506	712,113
	3,812,503	3,353,110

There are no amounts required to be transferred to Investor Education and Protection Fund.

14 Provision

	31 March 2019	31 March 2018
Gratuity	377,287	247,480
	377,287	247,480

- (i) The Company provides for gratuity for employees in India as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionally for 15 days salary multiplied for the number of the years of service. The gratuity plan is unfunded. The assumptions used in accounting for the gratuity plan are set out as below:

	31 March 2019	31 March 2018
Future Salary rise	7.00%	7.00%
Discount rate	7.59%	7.68%
Attrition rate		
For service 4 years and below	30.00%	30.00%
For service 5 years and above	2.00%	2.00%
Mortality table	India assured lives mortality (2006-08)	

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.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligations
As at 1 April 2017	153,106
Interest cost	11,054
Current service cost	44,766
Total amount recognized in statement of profit and loss	55,820
Remeasurements	
Actuarial loss on obligation	38,554
Total amount recognized in other comprehensive income	38,554
As at 31 March 2018	247,480
Interest cost	19,006
Current service cost	57,665
Total amount recognized in statement of profit and loss	76,671
Remeasurements	
Actuarial loss on obligation	52,936
Total amount recognized in other comprehensive income	52,936
As at 31 March 2019	377,087

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

(All amounts in ₹ unless otherwise stated)

Sensitivity analysis

	Changes in assumption	31 March 2019		31 March 2018	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Future salary rise	1.00%	41,532	(35,124)	25,344	(21,555)
Discount rate	1.00%	(34,651)	41,705	(21,248)	25,426
Attrition rate	1.00%	1,818	(2,131)	(434)	202

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- | | |
|----------------------------|---|
| (a) Asset volatility | The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy; if plan assets underperform this yield, this will create a deficit. |
| (b) Changes in bond yields | A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. |
| (c) Life expectancy | The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. |

Defined benefit liability and employer contributions

The expected future cash flows in respect of gratuity were as follows:

	31 March 2019	31 March 2018
Expected contribution		
In the subsequent year	100,601	76,671
Projected benefits payable in the future years from the reporting date		
1st following year	9,509	3,872
2nd following year	10,047	6,872
3rd following year	173,772	7,272
4th following year	6,048	149,118
5th following year	6,426	3,573
Thereafter	844,712	493,987

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

(All amounts in ₹ unless otherwise stated)

15 Other current liabilities

	31 March 2019	31 March 2018
Balances due to government authorities	227,928	147,249
	227,928	147,249

16 Other income

	31 March 2019	31 March 2018
Dividends income from mutual funds	497,641	5,101,641
Interest income	14,878,208	12,459,200
Provision no longer required, written back	-	5,211,292
Miscellaneous income	-	380,613
	15,375,849	23,152,746

17 Employee benefits expenses

	31 March 2019	31 March 2018
Salaries and wages	5,927,745	6,035,108
Contribution to provident fund	136,324	128,508
Gratuity	76,671	55,820
Staff welfare expenses	268,510	463,765
	6,409,250	6,683,201

18 Other expenses

	31 March 2019	31 March 2018
Rent	600,000	622,500
Rates and taxes	635,956	664,132
Office maintenance	2,450,222	2,675,085
Communication	92,979	157,777
Postage and courier	101,710	105,328
Insurance	27,926	15,217
Power and fuel	-	185,520
Travelling and conveyance	988,528	1,055,011
Legal and professional expenses	1,028,078	492,500
Donations	-	25,000
Payments to auditor		
-Statutory audit fees	936,000	997,000
Advances written off	100,000	24,796
Miscellaneous expenses	10,868	3,328
	6,972,267	7,023,194

19 Contingent liabilities

	31 March 2019	31 March 2018
(a) Claims against company not acknowledged as debt - income tax*	6,543,580	3,882,740

Pursuant to the income tax assessment for the financial year 2005-06 onwards, the Company had received various demands from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law and compliances with the arm's length guidelines in relation to international transactions with associated enterprises. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities and the necessary advice received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against the Company is remote and accordingly do not foresee any adjustment to the financial statements in this regard.

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

(All amounts in ₹ unless otherwise stated)

- (b) During February 2019, the Supreme Court of India issued a judgement which provided further guidance for companies in determining which components of their employees' compensation are subject to statutory withholding obligations, and matching employer contribution obligations, for Provident Fund contributions under Indian law. There are numerous interpretative issues relating to this judgement. However, the Company has made a provision on a prospective basis from the date of the Supreme Court's judgement. The Company will evaluate the same and update its provision, if any on receiving further clarity on the subject.

20 Income tax
(a) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate

	31 March 2019	31 March 2018
Profit/(loss) before tax	(476,821,017)	7,183,231
At statutory income tax rate	-	2,485,973
Set-off against carry forward unabsorbed depreciation	-	(2,485,973)
Income tax expense reported in the Statement of Profit and Loss	-	-

21 Related party disclosures
(a) Names of the related parties and nature of relationship

Names of related parties	Country	Nature of relationship
Palred Technology Services Private Limited	India	Wholly owned subsidiary
Palred Electronics Private Limited	India	Subsidiary
Palred Retail Private Limited	India	Subsidiary
Palem Srikanth Reddy		Key management personnel ('KMP')
Supriya Reddy		Relative of KMP
Stuthi Reddy		Relative of KMP

(b) Transactions with related parties

	31 March 2019	31 March 2018
Palred Technology Services Private Limited		
Investment in equity shares	20,000,000	30,000,000
Reimbursement of expenses	114,814	10,635
Palred Electronics Private Limited		
Investment in equity shares	60,000,000	100,000,000
Reimbursement of expenses	20,816	-
Palred Retail Private Limited		
Investment in equity shares	20,400,000	-
Reimbursement of expenses	11,864	-
Palem Srikanth Reddy		
Remuneration*	3,000,000	3,000,000
Reimbursement of expenses	292,589	261,951
Supriya Reddy		
Rent	200,000	622,500
Stuthi Reddy		
Rent	400,000	-

*does not include post employment benefits and other long term employee benefits expenditure which are computed for Company as a whole.

(c) Balances payable

	31 March 2019	31 March 2018
Palem Srikanth Reddy	40,087	40,087
Palred Electronics Private Limited	-	151,039

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

(All amounts in ₹ unless otherwise stated)

22 Fair value measurements
(a) Financial instruments by category

	31 March 2019		31 March 2018	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Current investments	-	-	59,868,397	-
Cash and cash equivalents	-	1,273,564	-	1,387,716
Bank balances other than cash and cash equivalents	-	192,294,807	-	228,640,997
Other financial assets	-	1,599,352	-	5,515,638
Total financial assets	-	195,167,723	59,868,397	235,544,351
Financial liabilities				
Other financial liabilities	-	3,812,503	-	3,353,110
Total financial liabilities	-	3,812,503	-	3,353,110

(b) Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Current investments	-	-	59,868,397	59,868,397
Cash and cash equivalents	1,273,564	1,273,564	1,387,716	1,387,716
Bank balances other than cash and cash equivalents	192,294,807	192,294,807	228,640,997	228,640,997
Other financial assets	1,599,352	1,599,352	5,515,638	5,515,638
	195,167,723	195,167,723	295,412,748	295,412,748
Financial liabilities				
Other financial liabilities	3,812,503	3,812,503	3,353,110	3,353,110
	3,812,503	3,812,503	3,353,110	3,353,110

The carrying amounts of current investments, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2. For unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(d) Fair value hierarchy - Financial instruments measured at fair value, recurring fair value measurements

	31 March 2019		31 March 2018	
	Level 2	Level 3	Level 2	Level 3
Financial instruments measured at fair value, recurring fair value measurements				
Current investments	-	-	59,868,397	-
Total financial assets	-	-	59,868,397	-

There are no transfers between levels during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

23 Financial risk management

The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. Currently, as the management is evaluating multiple business options, Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance.

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

(All amounts in ₹ unless otherwise stated)

A. Credit risk

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period. None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) were past due or impaired as at the reporting periods.

B. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company's principle sources of liquidity are cash and cash equivalents and current investments. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding. The Company had following working capital at the end of the reporting years:

Particulars	31 March 2019	31 March 2018
Current assets	195,247,121	295,701,129
Current liabilities	4,040,431	3,500,359
Working capital	191,206,690	292,200,770

C. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates (such as interest rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments. The Company's exposure to market risk is a function of investing activities.

24 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The Company manages its capital structure and make adjustment in light of changes in business condition. The overall strategy remains unchanged as compare to last year. There is no debt in the Company as on the reporting dates presented and accordingly, gearing Ratio is nil as at various reporting dates.

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
Firm's Registration No.: 001076N/N500013

For and behalf of board of directors of
Palred Technologies Limited

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Pinekalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

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 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. 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 other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated loss (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined that there are no key audit matters to communicate in our report.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and the subsidiary companies covered under the Act has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

14. We did not audit the financial information of four subsidiaries, whose financial information reflects total assets of ₹27,104,348 and net assets of ₹24,279,581 as at 31 March 2019, total revenues of ₹16,020,044 and net cash outflows amounting to ₹9,177,405 for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and two subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that one subsidiary company covered under the Act have not paid or provided for any managerial remuneration during the year. Further, as stated in paragraph 14, financial information of four subsidiary companies are unaudited and have been furnished to us by the management, and as certified by the management, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to four subsidiary companies since none of such companies is covered under the Act.
16. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries, 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;
 - 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 Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure'; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration other financial information of the subsidiaries:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 24 to the consolidated financial statements.;
 - ii. the Group Companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 30 May 2019

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 2019

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the 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'), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its three subsidiary companies which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 30 May 2019

Palred Technologies Limited
Consolidated Balance Sheet as at 31 March 2019
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	58,69,498	1,04,41,246
Goodwill	8	-	2,16,20,434
Other intangible assets	8	17,39,572	35,84,582
Financial assets			
Loans	9(b)	24,55,827	33,89,827
Other non-current assets	10	2,96,68,928	2,24,69,405
Total non-current assets		3,97,33,825	6,15,05,494
Current assets			
Inventories	11	4,20,13,133	5,75,76,235
Financial assets			
Investments	9(a)	10,58,468	7,53,24,536
Trade receivables	9(f)	1,48,42,724	-
Cash and cash equivalents	9(c)	3,71,94,939	3,08,07,416
Bank balances other than cash and cash equivalents	9(d)	19,28,21,604	25,11,44,943
Other financial assets	9(e)	86,72,232	2,67,20,098
Other current assets	10	2,63,73,303	2,10,79,566
Total current assets		32,29,76,403	46,26,52,794
Total assets		36,27,10,228	52,41,58,288
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	9,73,25,660	9,73,25,660
Other equity	13	21,79,17,173	32,96,81,868
Equity attributable to owners		31,52,42,833	42,70,07,528
Non-controlling interests		1,52,10,029	1,31,73,922
Total equity		33,04,52,862	44,01,81,450
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	14(c)	51,00,414	9,09,400
Provisions	15	17,12,848	13,51,698
Total non-current liabilities		68,13,262	22,61,098
Current liabilities			
Financial liabilities			
Borrowings	14(a)	-	33,72,923
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	14(b)	-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		61,76,572	2,97,00,272
Other financial liabilities	14(c)	1,74,85,470	4,45,24,944
Other current liabilities	16	17,62,831	41,13,616
Provisions	15	19,231	3,985
Total current liabilities		2,54,44,104	8,17,15,740
Total liabilities		3,22,57,366	8,39,76,838
Total equity and liabilities		36,27,10,228	52,41,58,288

The accompanying notes form 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
Firm's Registration No. 001076N/ N500013

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

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN: 03089889

Place: Hyderabad
Date: 30 May 2019

Pinekalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Palred Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2019	31 March 2018
Revenue from operations	17	33,93,53,351	51,22,13,088
Other income	18	1,81,28,782	2,58,82,178
Total income		35,74,82,133	53,80,95,266
Expenses			
Purchases of stock-in-trade		14,43,59,697	20,98,15,298
Changes in inventories of stock-in-trade	19	1,43,73,272	(1,50,63,316)
Employee benefits expense	20	7,29,62,956	7,59,27,919
Finance costs	21	8,89,325	3,93,576
Depreciation and amortisation expenses	7, 8	70,16,019	88,70,242
Other expenses	22	20,87,41,473	32,23,80,415
Total expenses		44,83,42,742	60,23,24,134
Loss before exceptional item		(9,08,60,609)	(6,42,28,868)
Exceptional item	8	(2,16,20,434)	-
Loss for the year		(11,24,81,043)	(6,42,28,868)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement of employment benefit obligations		(4,04,563)	1,06,727
Items that will be reclassified to profit or loss			
Foreign currency translation adjustment		(16,66,392)	76,396
Other comprehensive income/(loss) for the year		20,70,955	(1,83,123)
Total comprehensive loss for the year		(11,04,10,088)	(6,44,11,991)
Loss for the year attributable to			
Owners of the parent		(10,30,33,450)	(5,47,36,746)
Non-controlling interests (NCI)		(94,47,593)	(94,92,122)
Other comprehensive income/(loss) attributable to			
Owners of the parent		19,25,965	(1,71,277)
Non-controlling interests		1,44,990	(11,846)
Total comprehensive loss attributable to			
Owners of the parent		(10,11,07,485)	(5,49,08,023)
Non-controlling interests		(93,02,603)	(95,03,968)
Earnings per equity share [EPES]			
Basic and Diluted EPES		(10.77)	(5.72)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		95,70,210	95,70,210
Nominal value per equity share		10	10

The accompanying notes form an integral part of these consolidated financial statements.

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

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

For and on behalf of Board of Directors of
Palred Technologies Limited
Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S.Vijaya Saradhi
Director
DIN: 03089889

Place: Hyderabad
Date: 30 May 2019

Pinekalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Palred Technologies Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019
(All amounts in ₹ unless otherwise stated)

	31 March 2019	31 March 2018
Cash flows from operating activities		
Loss before tax	(11,24,81,043)	(6,42,28,868)
Adjustments to reconcile loss before tax to net cash flows :		
Depreciation and amortisation expenses	70,16,019	88,70,242
Loss on sale of PPE, net	3,62,386	-
Interest expense	8,89,325	3,93,576
Balances written off, net	1,14,610	30,33,069
Impairment loss	2,16,20,434	-
Interest income	(1,62,01,495)	(1,33,43,161)
Dividend income from mutual funds	(12,58,312)	(68,32,959)
Provision no longer required, written back	-	(52,11,292)
Unrealised foreign exchange gain, net	(11,67,327)	-
Operating loss before working capital changes	(10,11,05,403)	(7,73,19,393)
Movements in working capital:		
Changes in inventories	1,55,63,102	(1,58,70,001)
Changes in loans	9,34,000	(3,99,000)
Changes in trade receivables	(1,48,42,724)	-
Changes in financial assets	1,95,32,608	(28,26,893)
Changes in other assets	(83,08,671)	(84,21,465)
Changes in trade payables	(2,35,23,700)	(21,19,638)
Changes in financial liabilities	(2,24,17,227)	1,22,67,233
Changes in provisions	24,47,351	4,73,707
Changes in other current liabilities	(23,50,785)	10,09,693
Cash used in operating activities	(13,40,71,449)	(9,32,05,757)
Income taxes paid, net	(41,84,589)	(16,22,694)
Net cash used in operating activities	A (13,82,56,038)	(9,48,28,451)
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,81,534)	(59,34,794)
Proceeds from sale of property, plant and equipment	2,88,654	-
Redemption/(investment) in term deposits, net	5,83,23,339	(24,84,65,046)
Proceeds from mutual funds, net	7,42,66,068	12,79,46,121
Dividend income from mutual funds	12,58,312	68,32,959
Interest received	1,46,02,143	75,33,502
Net cash (used in)/generated from investing activities	B 14,70,56,982	(11,20,87,258)
Cash flows from financing activities		
Proceeds from issuance of equity shares	-	22,00,95,035
Proceeds from issuance of equity shares of subsidiary to NCI	6,81,500	-
(Repayments)/proceeds from current borrowings (net)	(33,72,923)	33,72,923
Interest paid	(8,89,325)	(3,93,576)
Net cash (used in)/generated from financing activities	C (35,80,748)	22,30,74,382

Palred Technologies Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ unless otherwise stated)

	31 March 2019	31 March 2018
Net increase in cash and cash equivalents (A+B+C)	52,20,196	1,61,58,673
Cash and cash equivalents at the beginning of year	3,08,07,416	1,47,25,192
Effect of exchange rate changes on cash and cash equivalents	11,67,327	(76,449)
Cash and cash equivalents as at the end of the year	3,71,94,939	3,08,07,416

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

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

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

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S.Vijaya Saradhi
Director
DIN: 03089889

Place: Hyderabad
Date: 30 May 2019

Pinekalapati Harish Naidu
Chief Financial Officer

Place: Hyderabad
Date: 30 May 2019

Paired Technologies Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in ₹ unless otherwise stated)

	31 March 2019		31 March 2018						
	Number of Shares	Amount	Number of Shares	Amount					
A. Equity share capital									
Equity shares of ₹ 10 each issued, subscribed and fully paid up									
Balance at the beginning of the year	97,32,566	9,73,25,660	82,13,083	8,21,30,830					
Issue of equity shares	-	-	15,19,483	1,51,94,830					
Balance at the end of the year	97,32,566	9,73,25,660	97,32,566	9,73,25,660					
B. Other equity									
	Reserves and surplus		OCI						
	Capital reserve	General reserve	Securities premium	Retained earnings					
				of defined benefit plans					
				Foreign currency translation reserve					
				attributable to owners of Parent					
				Non-controlling interests					
				Total					
As at 1 April 2017	1,42,80,000	13,25,24,353	46,71,29,888	(41,31,19,372)	2,96,117	-	20,11,10,986	12,56,590	20,23,67,576
Issue of equity shares	-	-	20,49,00,205	-	-	-	20,49,00,205	-	20,49,00,205
Acquisition of additional interest in subsidiary	-	-	-	(1,74,84,655)	-	-	(1,74,84,655)	1,74,84,655	-
Contribution to non-controlling interests (NCI)	-	-	-	(39,36,645)	-	-	(39,36,645)	39,36,645	-
Net loss for the year	-	-	-	(5,47,36,746)	-	-	(5,47,36,746)	(94,92,122)	(6,42,28,868)
Remeasurement of employment benefit obligations	-	-	-	-	(94,881)	-	(94,881)	(1,846)	(1,06,727)
Foreign currency translation adjustment	-	-	-	-	-	(76,396)	(76,396)	-	(76,396)
Total comprehensive loss	-	-	-	(5,47,36,746)	(94,881)	(94,881)	(5,49,08,023)	(95,03,968)	(6,44,11,991)
At 31 March 2018	1,42,80,000	13,25,24,353	67,20,30,093	(48,92,77,418)	2,01,236	(76,396)	32,96,81,868	1,31,73,922	34,28,55,790
Acquisition of additional interest in subsidiary	-	-	-	(1,10,88,677)	-	-	(1,10,88,677)	1,10,88,677	-
Acquisition of additional interest in subsidiary by NCI	-	-	-	2,80,430	-	-	2,80,430	4,01,070	6,81,500
Contribution by NCI, net	-	-	-	1,51,037	-	-	1,51,037	(1,51,037)	-
Net loss for the year	-	-	-	(10,30,33,450)	-	-	(10,30,33,450)	(94,47,593)	(11,24,81,043)
Remeasurement of employment benefit obligations	-	-	-	-	2,59,573	-	2,59,573	1,44,990	4,04,563
Foreign currency translation adjustment	-	-	-	-	-	16,66,392	16,66,392	-	16,66,392
Total comprehensive loss	-	-	-	(10,30,33,450)	2,59,573	2,59,573	(10,11,07,485)	(93,02,603)	(11,04,10,088)
At 31 March 2019	1,42,80,000	13,25,24,353	67,20,30,093	(60,29,68,078)	4,60,809	15,89,996	21,79,17,173	1,52,10,029	23,31,27,202

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants
Firm's Registration No. 001076N/ N5000013

For and behalf of board of directors of
Paired Technologies Limited

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 30 May 2019

Palem Srikanth Reddy

Managing Director

DIN : 00025889

Place: Hyderabad

Date: 30 May 2019

S. Vijaya Saradhi

Director

DIN: 03089889

Place: Hyderabad

Date: 30 May 2019

Pinekalapati Hanish Naidu

Chief Financial Officer

Place: Hyderabad

Date: 30 May 2019

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

(All amounts in ₹ unless otherwise stated)

1. Group's overview

The consolidated financial statements of “Palred Technologies Limited” (“the Company” or “PTL” or “Parent Company” or “Parent”) and its subsidiaries (collectively referred to as “Group”) are for the year ended 31 March 2019.

The Company is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act 1956. The Company's equity shares are listed on Bombay Stock Exchange (‘BSE’) and National Stock Exchange (‘NSE’). The Company has its registered office at H. No. 8-2-703/2/B, Plot No. 2, Road No. 12, Banjara Hills, Hyderabad, Telangana – 500 034.

The Group is engaged into trading in mobiles, electronic products, fashion accessories and providing related services.

2. General information and statement of compliance with Ind AS

The consolidated financial statements of the Group have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards (‘Ind AS’) as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs (‘MCA’), as amended from time to time. The Group has uniformly applied the accounting policies during the periods presented.

These consolidated financial statements for the year ended 31 March 2019 were authorized and approved for issue by the Board of Directors on 30 May 2019.

3. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on going concern basis under the historical cost basis except for the following:

- i. certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- ii. employee defined benefit liabilities are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, if any.

4. Summary of significant accounting policies**4.0 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

(All amounts in ₹ unless otherwise stated)

- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill or capital reserve.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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

(All amounts in ₹ unless otherwise stated)

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

Name of the company	Country	Relationship		31 March 2019	31 March 2018
Palred Electronics Private Limited ('PEP') (formerly known as Palred Online Technologies Private Limited)	India	Subsidiary		83.17	82.45
Palred Retails Private Limited (PRP)**	India	Subsidiary		96.66	-
Palred Technology Services Private Limited ('PTS')	India	Subsidiary		100.00	100.00
Palred Technology Services Inc. ('PTS Inc.')	USA	Subsidiary	of	100.00	100.00
		PTS			
Thati Consultants Private Limited ('TCPL')*	India	Subsidiary	of	-	-
		PTS			
Palred Online Technologies Limited ('POT')	Hong Kong	Subsidiary	of	100.00	100.00
		PEP			
Palred Technology Shenzhen Company Ltd**	China	Subsidiary	of	100.00	-
		POT			
Palred Online Bilism Teknolojileri Ticaret Anonim Sirketi	Turkey	Subsidiary	of	100.00	100.00
		PEP			

*acquired during financial year ended 2016-17 and merged with PTS with effect from 1 April 2017.

**incorporated during the financial year ended 2018-19

4.1 Business combinations
Common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies;
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve;
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee; and
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Other business combinations

Other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

(All amounts in ₹ unless otherwise stated)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

(All amounts in ₹ unless otherwise stated)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

4.2 Operating cycle and current versus non-current classification

The Group has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

An **asset** is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A **liability** is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax liabilities are classified as non-current liabilities.

4.3 Foreign currency*Functional and presentation currency*

The financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to Statement of Profit and Loss reflects the amount that arises from using this method.

Transactions and balances

Foreign currency transactions are initially recorded in the functional currency, by applying to the functional currency spot exchange rate between the functional currency and the foreign currency at the date the transaction first qualifies for recognition.

Foreign currency monetary items are converted to functional currency using the functional currency closing spot exchange rates at the reporting date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

(All amounts in ₹ unless otherwise stated)

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their consolidated statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statement of profit and loss.

4.4 Fair value measurement

The Group measures financial instruments at fair value upon initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.5 Revenue recognition

The Group has adopted Ind AS 115 - Revenue from Contracts with Customers, using modified retrospective application method with effect from 1 April 2018 and accordingly these consolidated financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 115. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the consolidated financial statements of the Company and its subsidiaries.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

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

(All amounts in ₹ unless otherwise stated)

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
2. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. the Group's performance does not create an asset with an alternative use to the Group and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sale of Goods

Revenue from sale of goods is recognised where control is transferred to the Group's customers at the time of shipment to or receipt of goods by the customers.

Revenue from sale of goods includes only the gross inflows of economic benefits, received and receivable by the Group, on its own account. Amount collected on behalf of third parties such as sales tax and value added taxes are excluded from revenue.

Sale of services and licences

Revenue from services is recognized as the related services are performed. The amount recognized as revenue is exclusive of discounts and applicable taxes.

Revenue from the sale of user licenses for software applications is recognized upfront at the point in time when the software is made available to the customer and has no further obligation under these arrangements.

The recovery of Goods and Services tax is not made by the Group on its own account. Rather, it is collected on goods and services provided by the Group on behalf of the government. Accordingly, it is excluded from revenue.

Interest Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

Dividend

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

4.6 Taxes

Income tax expense comprises of current tax expense and deferred tax. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

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Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled and are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

As at 31 March 2019 and 31 March 2018, the Group has deferred tax assets primarily on account of unabsorbed business loss, unabsorbed tax depreciation and other items, which have not been recognized on the grounds of prudence. Consequently, there is no deferred tax asset or liability recorded in the consolidated financial statements as at reporting periods presented.

Further, as at 31 March 2019 and 31 March 2018, the Company has MAT credit of ₹91,753,770, carried forwarded under the income-tax laws, not recognised in books due to lack of reasonably certainty.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

4.7 Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

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4.8 Property, plant and equipment (PPE)

All items of property, plant and equipment are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Depreciation on property, plant and equipment is provided on the written down value method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.9 Intangible assets

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The Group amortises intangible assets with a finite useful life using the straight-line method over 5 years.

4.10 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit (CGU). If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

4.11 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

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Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

4.12 Inventories

Inventories comprise of stock-in-trade and packing materials.

Stock-in-trade are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

Packing material is carried at cost. Cost of packing material is determined using the first-in-first-out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete the sales.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.13 Provisions and contingencies*Provisions*

Provisions for legal claims, chargebacks and sales returns are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

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4.14 Employee benefits*Defined contribution plan*

The Group's contribution to provident fund and employee state insurance schemes is charged to the Statement of Profit and Loss. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. There are no other obligations other than the contribution payable to the respective fund.

Defined benefit plan

The Group has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on an undiscounted and accrual basis during the period when the employee renders service of the benefit.

4.15 Financial instruments**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL) and
- Equity instruments measured at FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances and fixed deposits with banks with original maturity of less than three months. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

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

De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for following financial assets and credit risk exposures:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade and other receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade and other receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial Liabilities*Initial recognition and measurement*

The Group's financial liabilities include trade and other payables, borrowings and other financial instruments. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.17 Earnings per equity share (EPES)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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4.18 Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present the cash flows by operating, financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

4.19 Cash dividend

The Group recognises a liability to make cash dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5. Standard not yet effective

Information on new standard, amendment and interpretation that are expected to be relevant to the financial statements is provided below:

Ind AS 116 - Leases:

On 30 March 2019, Ministry of Corporate Affairs has notified the Ind AS 116, Leases. It requires all leases to be accounted on the balance sheet by recognising a right of use asset and a corresponding lease liability, with an exception of certain short-term leases and leases of low value assets. The new standard is applicable from 1 April 2019. The Group has evaluated the effect of this on the financial statements and the impact is not material.

6. Key accounting estimates and judgements

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification.

Sales returns

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue. This allowance is based on the Group's estimate of expected sales returns. The estimate of sales returns is determined primarily by the Group's past history, existing conditions as well as forward looking estimates at the end of each reporting period.

Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Group's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group.

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Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Impairment of trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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7 Property, plant and equipment

	Leasehold improvements	Computers	Office equipments	Furniture and fixtures	Electrical installation	Vehicles	Total
Gross carrying amount							
As at 1 April 2017	1,893,242	4,671,362	1,573,482	9,334,056	516,535	89,725	18,078,402
Additions	-	2,693,037	602,362	428,221	542,418	-	4,266,038
As at 31 March 2018	1,893,242	7,364,399	2,175,844	9,762,277	1,058,953	89,725	22,344,440
Additions	-	708,679	171,388	261,692	35,210	-	1,176,969
Disposals	(140,280)	(117,373)	(103,553)	(363,004)	(308,497)	-	(1,032,707)
As at 31 March 2019	1,752,962	7,955,705	2,243,679	9,660,965	785,666	89,725	22,488,702
Accumulated depreciation							
Up to 31 March 2017	694,662	2,352,093	582,352	2,105,314	133,713	8,802	5,876,936
Charge for the year	665,759	2,304,646	700,901	2,182,160	141,097	31,695	6,026,258
Up to 31 March 2018	1,360,421	4,656,739	1,283,253	4,287,474	274,810	40,497	11,903,194
Charge for the year	425,577	2,246,169	462,793	1,600,833	326,919	35,386	5,097,677
Disposals	(61,640)	(60,500)	(41,414)	(88,273)	(129,840)	-	(381,667)
Up to 31 March 2019	1,724,358	6,842,408	1,704,632	5,800,034	471,889	75,883	16,619,204
Net carrying amount							
As at 31 March 2019	28,604	1,113,297	539,047	3,860,931	313,777	13,842	5,869,498
As at 31 March 2018	532,821	2,707,660	892,591	5,474,803	784,143	49,228	10,441,246

8 Intangible assets

	Computer Software	Goodwill	Total
Gross carrying amount			
As at 1 April 2017	4,921,022	22,888,215	27,809,237
Additions	1,937,239	-	1,937,239
As at 31 March 2018	6,858,261	22,888,215	29,746,476
Additions	73,332	-	73,332
At 31 March 2019	6,931,593	22,888,215	29,819,808
Accumulated amortization			
Up to 31 March 2017	1,697,476	-	1,697,476
Charge for the year	1,576,203	1,267,781	2,843,984
Up to 31 March 2018	3,273,679	1,267,781	4,541,460
Charge for the year	1,918,342	-	1,918,342
Up to 31 March 2019	5,192,021	1,267,781	6,459,802
Impairment loss			
Up to 31 March 2018	-	-	-
Charge for the year (refer note (a))	-	21,620,434	21,620,434
Up to 31 March 2019	-	21,620,434	21,620,434
Net carrying amount			
As at 31 March 2019	1,739,572	-	1,739,572
As at 31 March 2018	3,584,582	21,620,434	25,205,016

(a) Due to changes in the business conditions viz. the Group facing increased competition, higher customer acquisition costs etc., the Group incurred significant losses for year ended 31 March 2019 as a result of which the management have strategically downsized the operations and employee base to cut down the future losses. On the basis of Management evaluation, the aggregate carrying amount of goodwill exceeds the aggregate recoverable amount by ₹21,620,434 and accordingly, the Board of Directors of the Company considered to create a provision against such goodwill amounting to ₹21,620,434 for the year ended 31 March 2019, as impairment loss under exceptions item, considering the significance of the item.

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

(All amounts in ₹ unless otherwise stated)

9 Financial assets
(a) Investments

	31 March 2019	31 March 2018
Investments at fair value through profit or loss ("FVTPL")		
Investments in mutual funds, non-trade, unquoted		
865 (31 March 2018: 10,019) units Kotak Floater Short Term - Direct Plan-DD	1,058,468	10,135,552
Nil (31 March 2018: 525,906) units of IDFC Ultra Short term - Daily Dividend plan	-	5,320,587
Nil (31 March 2018: 4,596,326) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan	-	59,865,772
Investments in equity instruments, trade, unquoted		
10,000,000 (31 March 2018: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	-	2,625
	1,058,468	75,324,536

* The Company has applied for liquidation of Four Soft Sdn.Bhd., Malaysia in the year ended 31 March 2014.

Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	1,061,093	75,324,536
Aggregate amount of impairment of value in investments	2,625	-

(b) Loans

	31 March 2019	31 March 2018
Unsecured, considered good		
Security deposits		
– related party	1,200,000	1,200,000
– others	1,255,827	2,189,827
	2,455,827	3,389,827

Loan to Mrs. Supriya Reddy, Relative of Director is given towards rental deposit for head office building occupied by the Company.

(c) Cash and cash equivalents

	31 March 2019	31 March 2018
Balances with banks		
– in current accounts	37,072,566	30,560,013
Cash on hand	112,686	237,716
Fixed deposits with original maturity of less than three months	9,687	9,687
	37,194,939	30,807,416

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.

(d) Bank balances other than cash and cash equivalents

	31 March 2019	31 March 2018
Balance in unpaid dividend account (year: 2013-14)	1,840,195	1,840,195
Balance in unpaid capital reduction account	800,802	800,802
Deposit with maturity more than 3 months but less than 12 months	190,180,607	248,503,946
	192,821,604	251,144,943

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

(All amounts in ₹ unless otherwise stated)

(e) Other financial assets

	31 March 2019	31 March 2018
Unsecured, considered good		
Interest accrued but not due on fixed deposits	1,599,352	5,809,659
Due from collection agencies	6,646,075	20,910,439
Others	426,805	-
	8,672,232	26,720,098

(f) Trade receivables

	31 March 2019	31 March 2018
Unsecured, considered good		
Unsecured, receivables with significant increase in credit risk	14,842,724	-
	14,842,724	-
Less: Allowance for trade receivables	-	-
	14,842,724	-

10 Other assets

	31 March 2019	31 March 2018
Unsecured, considered good		
Non-current		
Advance tax (net of provision)	26,013,162	21,828,573
Balances with government authorities	3,655,766	640,832
	29,668,928	22,469,405
Current		
Prepaid expenses	1,213,941	1,494,534
Balances with government authorities	15,604,649	8,624,293
Vendor and employee advances	9,095,619	10,404,957
Other advances	459,094	555,782
	26,373,303	21,079,566
	56,042,231	43,548,971

11 Inventories

	31 March 2019	31 March 2018
Stock-in-trade (at lower of cost and net realizable value)	40,696,038	55,078,343
Packing materials (at cost)	1,317,095	2,497,892
	42,013,133	57,576,235

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

(All amounts in ₹ unless otherwise stated)

12 Equity share capital

	31 March 2019		31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorized share capital				
Equity shares of ₹10 each	28,038,800	280,388,000	28,038,800	280,388,000
14% preference shares of ₹100 each	696,120	69,612,000	696,120	69,612,000
Issued, subscribed and fully paid up shares				
Equity shares of ₹10 each	9,732,566	97,325,660	9,732,566	97,325,660
	9,732,566	97,325,660	9,732,566	97,325,660

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
At the beginning of the year	9,732,566	97,325,660	8,213,083	82,130,830
Add: Issue of shares	-	-	1,519,483	15,194,830
Balance at the end of the year	9,732,566	97,325,660	9,732,566	97,325,660

(b) Terms attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

(c) Shareholders holding more than 5% equity shares in the Company

	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	1,000,000	10.27%	1,000,000	10.27%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	10.27%
Sanhita Reddy	1,000,000	10.27%	1,000,000	10.27%
Passage to India Master Fund Limited	701,586	7.21%	701,586	7.21%
Ashish Dhawan	678,189	6.97%	678,189	6.97%
Palem Srikanth Reddy	602,261	6.19%	602,261	6.19%

(d) Shares reserved for issue under options

The Company has established Palred Employee Stock Option Scheme 2016 ('ESOP 2016') to administer for grant of options not exceeding 400,000 equity shares to eligible employees. The minimum vesting period shall be one year from the date of grant of options and maximum vesting period shall not exceed five years. The exercise price per option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on the date of grant of option.

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

(All amounts in ₹ unless otherwise stated)

(e) Capital reduction of equity shares during 5 years immediately preceding the Balance Sheet date

Subsequent to the approval of the High Court of Judicature at Hyderabad for the state of Telangana and Andhra Pradesh for reduction of 60% of the paid up equity share capital during the financial year ended 31 March 2016, the Company has returned an amount of ₹16.50 at a premium of ₹11.50 per share and cancelled and extinguished 60% of the equity shares of the Company of face value of ₹5 each in July 2015. After reduction, the issued, subscribed and paid-up equity share capital of ₹195,184,850 consisting of 39,036,970 equity shares of ₹5 each fully paid-up was reduced to ₹78,073,940 consisting of 15,614,788 equity shares of ₹5 each.

	Number of shares 1 April 2014 to 31 March 2019
Aggregate number of capital reduction of equity shares	23,422,182

13 Other equity

	31 March 2019	31 March 2018
Reserves and surplus		
Capital reserve	14,280,000	14,280,000
General reserve	132,524,353	132,524,353
Securities premium	672,030,093	672,030,093
Retained earnings	(602,968,078)	(489,277,418)
Other comprehensive income		
Remeasurement of defined benefit plans	605,799	201,236
Foreign currency translation reserve	1,589,996	(76,396)
	218,062,163	329,681,868

Nature and purpose of reserves
Capital reserve

This reserve represents creation of capital reserve pursuant to the scheme of amalgamation.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Securities premium

Securities premium is used to record the premium on the issue of the equity shares and is utilized in accordance with the provisions of the Act.

Remeasurement of defined benefit plans

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit or loss.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

14 Financial liabilities
(a) Current borrowings

	31 March 2019	31 March 2018
Secured, loans repayable on demand from banks		
Bank overdraft	-	3,372,923
	-	3,372,923

- (i) Loan repayable on demand from bank is in the nature of bank overdraft, secured by way of fixed deposits amounting to ₹22,503,946 and carries an interest of 1.5% over and above the pledged fixed deposits interest rates per annum. The same was repaid during the current year.

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

(All amounts in ₹ unless otherwise stated)

(ii) Net debt reconciliation

	Amounts
Net debt as at 1 April 2017	-
Cash flows, net	(3,372,923)
Interest expense	393,576
Interest paid	(393,576)
Net debt as at 31 March 2018	3,372,923
Cash flows, net	(3,372,923)
Interest expense	889,325
Interest paid	(889,325)
Net debt as at 31 March 2019	-

(b) Trade payables

(i) The details of dues to micro enterprises and small enterprises are as follows :

	31 March 2019	31 March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year;	-	-
ii) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed date during the accounting year;	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purposes of disallowance as a deductible expenditure under the section 23 of the MSMED Act, 2006.	-	-

This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company. The auditors have placed reliance on the information provided by the Management.

(c) Other financial liabilities

	31 March 2019	31 March 2018
Non-current		
Dealer deposits	5,100,414	909,400
	5,100,414	909,400
Current		
Unpaid dividends	1,840,195	1,840,195
Unclaimed capital reduction	800,802	800,802
Payable to customer towards refund	1,317,135	12,938,125
Liabilities for expenses	6,476,647	23,648,789
Creditor for capital goods	-	431,233
Other payables	7,050,691	4,865,800
	17,485,470	44,524,944
	22,585,884	45,434,344

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

(All amounts in ₹ unless otherwise stated)

15 Provisions

	31 March 2019		31 March 2018	
	Non-current	Current	Non-current	Current
Gratuity	1,712,848	19,231	1,351,698	3,985
	1,712,848	19,231	1,351,698	3,985

- (i) The Company provides for gratuity for employees in India as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionally for 15 days salary multiplied for the number of the years of service. The gratuity plan is unfunded.

	31 March 2019	31 March 2018
Future Salary rise	7.00%	7.00%
Discount rate	7.68%	7.68%
Attrition rate		
For service 4 years and below	30.00%	30.00%
For service 5 years and above	2.00%	2.00%
Mortality table	India assured lives mortality (2006-08)	

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 Group evaluates these assumptions annually based on its long term plans of growth and industry standards.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligations
As at 1 April 2017	775,249
Interest cost	55,164
Current service cost	418,543
Total amount recognised in statement of profit and loss	473,707
Remeasurements	
Actuarial loss on obligation	106,727
Total amount recognised in other comprehensive income	106,727
As at 31 March 2018	1,355,683
Interest cost	147,469
Current service cost	633,490
Total amount recognised in statement of profit and loss	780,959
Remeasurements	
Actuarial gain on obligation	(404,563)
Total amount recognised in other comprehensive income	(404,563)
As at 31 March 2019	1,732,079

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

(All amounts in ₹ unless otherwise stated)

Sensitivity analysis

	Changes in assumption	31 March 2019		31 March 2018	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Future Salary rise	1.00%	271,267	(225,428)	236,469	(193,733)
Discount rate	1.00%	(222,444)	272,453	(190,981)	237,253
Attrition rate	1.00%	(4,377)	2,097	(21,596)	19,155

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Defined benefit liability and employer contributions

There is no compulsion on the part of the Group to prefund the liability of the plan. The Group's philosophy is not to externally fund these liabilities but instead create an accounting provisions in its books of account and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The expected future cash flows in respect of gratuity were as follows:

	Amount	Amount
Expected contribution		
In the subsequent year	619,374	663,118
Projected benefits payable in the future years from the reporting date		
1st following year	28,740	10,102
2nd following year	34,746	22,689
3rd following year	206,437	30,810
4th following year	42,804	181,069
5th following year	47,118	117,549
Thereafter	6,253,358	5,652,392

16 Other current liabilities

	31 March 2019	31 March 2018
Balances due to government authorities	1,762,831	4,113,616
	1,762,831	4,113,616

17 Revenue from operations

	31 March 2019	31 March 2018
Sale of goods	338,853,351	481,799,997
Sale of services and licence	500,000	30,413,091
	339,353,351	512,213,088

(i) The Company has derived 100% of its revenue from operations from locations based out of India.

(ii) Reconciliation of revenue recognised with the contract price is as follows:

	31 March 2019
Contract price	344,351,117
Adjustment for sales incentive	4,997,766
Total Revenue from operations	339,353,351

18 Other income

	31 March 2019	31 March 2018
Dividends income from mutual funds	1,258,312	6,832,959
Interest income	16,201,495	13,343,161
Provision no longer required, written back	-	5,211,292
Miscellaneous income	668,975	494,766
	18,128,782	25,882,178

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

(All amounts in ₹ unless otherwise stated)

19 Changes in inventories of stock-in-trade

	31 March 2019	31 March 2018
Inventory at the beginning of the year	55,078,343	40,015,027
Inventory at the end of the year	(40,696,038)	(55,078,343)
Foreign currency translation adjustment	(9,033)	-
	14,373,272	(15,063,316)

20 Employee benefits expense

	31 March 2019	31 March 2018
Salaries and wages	66,388,061	67,568,897
Contribution to provident fund	2,989,866	3,402,630
Contribution to employee state insurance fund	1,065,929	1,256,399
Gratuity	853,359	473,707
Staff welfare expenses	1,665,741	3,226,286
	72,962,956	75,927,919

21 Finance costs

	31 March 2019	31 March 2018
Interest	889,325	393,576
	889,325	393,576

22 Other expenses

	31 March 2019	31 March 2018
Rent	8,575,536	7,331,999
Rates and taxes	1,568,179	3,373,602
Repairs and maintenance - others	5,037,086	6,736,055
Freight charges	1,561,828	1,863,287
Insurance	384,547	280,012
Office maintenance	6,190,347	8,265,152
Business promotion expenses	52,881,842	110,244,717
Postage and courier	156,761	157,786
Power and fuel	2,083,405	2,112,168
Travelling and conveyance	5,091,263	4,173,133
Delivery charges	53,188,556	136,319,723
Legal and professional charges	5,778,174	6,657,901
Hosting expenses	5,428,784	10,306,557
Refunds related expenses	312,093	180,247
Communication expenses	1,665,725	901,610
Payments to auditor		
-Statutory audit fees	2,490,998	2,292,000
-Other services	100,000	100,000
Packing material	7,295,322	10,688,852
Due from collection agencies written off	114,610	3,033,069
Bank charges	375,063	488,547
Printing and stationery	982,219	584,134
Sales commission	43,946,116	3,135,821
Loss on sale of PPE, net	362,386	-
Donations	-	25,000
Miscellaneous expenses	3,170,633	3,129,043
	208,741,473	322,380,415

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

(All amounts in ₹ unless otherwise stated)

23 Segment reporting

After considering the Group's business model and the internal financial reporting, the management has identified only one reportable segment which is "Trading in mobiles, electronic products, fashion accessories and providing related services." Further, all operations and locations of PPE of the Group are based in India and hence, no separate financial disclosures are applicable in accordance with the requirements of Ind AS 108 - Operating Segments.

24 Contingent liabilities

	31 March 2019	31 March 2018
(a) Claims against company not acknowledged as debt - income tax*	6,543,580	3,882,740
Pursuant to the income tax assessment for the financial year 2005-06 onwards, the Company had received various demands from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law and compliances with the arm's length guidelines in relation to international transactions with associated enterprises. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities and the necessary advice received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against the Company is remote and accordingly do not foresee any adjustment to the financial statements in this regard.		
(b) During February 2019, the Supreme Court of India issued a judgement which provided further guidance for companies in determining which components of their employees' compensation are subject to statutory withholding obligations, and matching employer contribution obligations, for Provident Fund contributions under Indian law. There are numerous interpretative issues relating to this judgement. However, the Group has made a provision on a prospective basis from the date of the Supreme Court's judgement. The Group will evaluate the same and update its provision, if any on receiving further clarity on the subject.		

25 Related party disclosures
(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Palem Srikanth Reddy	Key management personnel (KMP)
Supriya Reddy	Relative of KMP
Stuthi Reddy	Relative of KMP

(b) Transactions with related parties

	31 March 2019	31 March 2018
Palem Srikanth Reddy		
-Remuneration*	3,000,000	3,000,000
-Reimbursement of expenses	292,589	261,951
Supriya Reddy		
-Office rent	900,000	2,424,000
Stuthi Reddy		
-Office rent	1,500,000	-

*does not include post employment benefits and other long term employee benefits expenditure which are computed for Company as a whole.

(c) Balances receivable

	31 March 2019	31 March 2018
Palem Srikanth Reddy	40,087	40,087
Ms. Supriya Reddy	1,200,000	1,200,000

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

(All amounts in ₹ unless otherwise stated)

26 a) Sale of Business functions from PEP to PTS

Effective 1 January 2018, PEP has sold the business functions of Order fulfilment, Customer Service and IT Helpdesk to PTS in payment of full purchase consideration of ₹30,000,000. Consequently, the Group has applied the book value accounting in accordance with the provisions of Ind AS, recognising the difference between the book value of the net identifiable assets transferred and the consideration received as an equity transaction.

	1 January 2018
Consideration received by PEP (A)	30,000,000
Less : identifiable assets transferred to PTS	
Property, plant and equipment	4,451,078
Intangible assets	60,324
Inventories	1,823,314
Loans	928,000
Prepaid expenses	306,888
Total identifiable assets transferred (B)	7,569,604
Contribution received by PEP/distribution from PTS (A-B)	22,430,396
Attributable to non-controlling interests in PEP	3,936,645

b) Sale of Business functions from PEP to PRP

Effective 1 October 2018, PEP has sold the business functions of order trading platform of LatestOne, Ptron and Dazon to PRP in payment of full purchase consideration of ₹5,000,000. Consequently, the Group has applied the book value accounting in accordance with the provisions of Ind AS, recognising the difference between the book value of the net identifiable assets transferred and the consideration received as an equity transaction.

	1 October 2018
Consideration received (A)	5,000,000
Less : Identifiable assets/(liabilities) transferred	
Property, plant and equipment	141,937
Gratuity transferred for the identified employees	(522,955)
Total identifiable liabilities transferred (B)	(381,018)
Contribution received by PEP/distribution by PRP (A-B)	5,381,018
Attributable to non-controlling interests in PEP	925,166
Attributable to non-controlling interests in PRP	(1,076,203)
Attributable to non-controlling interests, net	(151,037)

27 Amalgamation of PTS and TCPL

Honourable Regional Director has approved the Scheme of Amalgamation u/s 233 of the Companies Act, 2013 ("the Scheme") between PTS ("Transferee Company") and TCPL ("Transferor Company"), a wholly owned subsidiary of PTS with effect from 1 April 2017 (appointed date). In accordance with the Scheme, the accounting treatment has been given in the standalone financial statements of PTS as follows:

- (i) all the assets and liabilities in the books of TCPL stands transferred to and vested in PTS pursuant to the Scheme and is recorded by PTS at their carrying amount as appearing in the books of TCPL; and
- (ii) the excess of the amount of the investment in TCPL held by PTS as appearing in the books of PTS over the value of the net assets of TCPL acquired by PTS upon their transfer to and vesting in PTS under the Scheme is debited to "Goodwill account".

The said amalgamation did not have any impact on the consolidated financial statements for the periods presented.

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

28 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 2019		For the year ended 31 March 2019		For the year ended 31 March 2019			
	Net assets (Total assets - Total liabilities)	Share in profit or loss	Share in other comprehensive income /loss	Share in total comprehensive income /loss	Share in total comprehensive income /loss	Share in total comprehensive income /loss		
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated OCI	Amount		
Parent	96%	303,656,059	463%	(476,821,017)	-3%	(52,936)	472%	(476,873,953)
Subsidiaries								
Indian								
PEP	30%	95,896,839	43%	(44,559,940)	-10%	(196,374)	44%	(44,756,314)
PTS	7%	23,567,056	25%	(25,928,036)	10%	194,255	25%	(25,733,781)
PRP*	1%	2,459,333	13%	(13,700,767)	24%	459,618	13%	(13,241,149)
Foreign								
PTS Inc., USA	4%	11,928,681	0%	50,075	39%	751,716	-1%	801,791
Paired Online Bilism Teknolojileri	0%	-	0%	189,825	0%	-	0%	189,825
Ticaret Anonim Sirketi, Turkey								
Paired Online Technologies Limited, Hong Kong	4%	12,483,297	2%	(1,661,700)	42%	799,450	1%	(862,250)
Paired Technology Shenzhen Company Ltd, China*	0%	(132,397)	5%	(4,946,087)		115,226	5%	(4,830,861)
Non-controlling interests	-5%	(15,210,029)	-9%	9,447,593	-8%	(144,990)	-9%	9,302,603
Total	138%	434,648,839	542%	(557,930,054)	100%	1,925,965	550%	(556,004,089)
Consolidation adjustments	-38%	(119,406,006)	-442%	454,896,604	0%	-	-450%	454,896,604
Net amount	100%	315,242,833	100%	(103,033,450)	100%	1,925,965	100%	(101,107,485)

*incorporated during the financial year ended 2018-19

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

	As at 31 March 2018		For the year ended 31 March 2018		For the year ended 31 March 2018	
	Amount	As % of consolidated net assets	Share in profit or loss	Share in other comprehensive income/loss	Share in total comprehensive income/loss	Amount
Net assets						
(Total assets - Total liabilities)						
Parent	780,530,013	183%	-13%	23%	(38,554)	7,144,677
Subsidiaries						
Indian						
POT	75,272,135	18%	99%	-26%	44,843	(53,949,212)
PTS	29,300,837	7%	31%	66%	(113,016)	(17,227,088)
TCPL**	-	0%	0%	0%	-	-
Foreign						
PTS Inc, USA	11,126,890	3%	0%	-20%	34,985	34,985
Paired Online Bilism Teknolojileri	744,064	0%	0%	67%	(115,486)	(189,567)
Ticaret Anonim Sirketi, Turkey*						
Paired Online Technologies Limited, Hong Kong*	13,345,548	3%	0%	-2%	4,105	(14,452)
Non-controlling interests	(13,173,922)	-3%	-17%	-7%	11,846	9,503,968
Total	897,145,565	210%	100%	100%	(171,277)	(54,696,689)
Consolidation adjustments	(470,138,037)	-110%	0%	0%	-	(211,334)
Net amount	427,007,528	100%	100%	100%	(171,277)	(54,908,023)

*incorporated during the financial year ended 2017-18.

**acquired during financial year ended 2016-17 and merged with PTS with effect from 1 April 2017.

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.

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

(All amounts in ₹ unless otherwise stated)

29 Fair value measurements
(a) Financial instruments by category

	31 March 2019		31 March 2018	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Current investments	1,058,468	-	75,324,536	-
Cash and cash equivalents	-	37,194,939	-	30,807,416
Bank balances other than cash and cash equivalents	-	192,821,604	-	251,144,943
Loans	-	2,455,827	-	3,389,827
Trade receivables	-	14,842,724	-	-
Other financial assets	-	8,672,232	-	26,720,098
Total financial assets	1,058,468	255,987,326	75,324,536	312,062,284
Financial liabilities				
Borrowings	-	-	-	3,372,923
Trade payables	-	6,176,572	-	29,700,272
Other financial liabilities	-	22,585,884	-	45,434,344
Total financial liabilities	-	28,762,456	-	78,507,539

- (b) Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments carried at amortised cost:

	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	37,194,939	37,194,939	30,807,416	30,807,416
Bank balances other than cash and cash equivalents	192,821,604	192,821,604	251,144,943	251,144,943
Loans	2,455,827	2,455,827	3,389,827	3,389,827
Trade receivables	14,842,724	14,842,724	-	-
Other financial assets	8,672,232	8,672,232	26,720,098	26,720,098
Total financial assets	255,987,326	255,987,326	312,062,284	312,062,284
Financial liabilities				
Borrowings	-	-	3,372,923	3,372,923
Trade payables	6,176,572	6,176,572	29,700,272	29,700,272
Other financial liabilities	22,585,884	22,585,884	45,434,344	45,434,344
Total financial liabilities	28,762,456	28,762,456	78,507,539	78,507,539

The carrying amounts of trade and other receivables, trade payables, investments, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2. For unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

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

(All amounts in ₹ unless otherwise stated)

(d) Fair value hierarchy

	Level 2	
	31 March 2019	31 March 2018
Financial instruments measured at fair value, recurring fair value measurements		
Investments	1,058,468	75,324,536
	1,058,468	75,324,536

There are no transfers between levels during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

30 Financial risk management

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors and the Audit Committee is responsible for overseeing the risk assessment and management policies and processes.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of collection agencies to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Financial assets that are neither past due nor impaired

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period. None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) were past due or impaired as at the reporting periods.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and region in which the customer operates, also has an influence on credit risk assessment.

The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade and other receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit ratings from credit rating agencies and historical experience for customers. During the year, the Group has written off ₹114,610 (31 March 2018: ₹3,033,069) of dues from collection agencies.

B. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The Group's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Group closely monitors its liquidity position and maintains adequate source of funding. The Group had following working capital at the end of the reporting years :

Particulars	31 March 2019	31 March 2018
Current assets	322,976,403	462,652,794
Current liabilities	25,444,104	81,715,740
Working capital	297,532,299	380,937,054

Except for other non-current financial liabilities, all the contractual maturities of significant financial liabilities are payable on demand or are expected to be paid within 1 year from the respective reporting years. Dealer Deposits are expected to be settled beyond 1 year from the respective reporting years.

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

(All amounts in ₹ unless otherwise stated)

C. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and debt. The Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's investments in deposits is with banks and therefore do not expose the Group to significant interest rates risk. The Group's rate borrowing is subject to interest rate risk. However, the same is fixed at 1.5%+interest rates on investments in deposits. Accordingly, no interest rate risk is perceived.

Particulars	31 March 2019	31 March 2018
Fixed rate instruments		
Financial assets	192,636,434	251,893,773
Financial liabilities	-	3,372,923

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of computers, mobiles, electronic products, fashion accessories and related services. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's purchases generally fluctuate in line with commodity cycles and are generally more volatile depending upon the market conditions. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. For the reporting periods presented, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity

D Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

31 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Gearing Ratio is nil as at various reporting dates. There have been no material breaches in the financial covenants of any borrowing in the current period.

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

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

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

Nikhil Vaid
Partner
Membership No.: 213356

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN: 03089889

Date: 30 May 2019
Place : Hyderabad

Pinekalapati Harish Naidu
Chief Financial Officer

Date: 30 May 2019
Place : Hyderabad

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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: Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills, Hyderabad, Telangana – 500034.

Venue of AGM Registered Office of the Company

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

* Applicable for investors holding Shares in electronic form

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

1. Name: 2. Name:

Address: Address:

E-mail Id: E-mail Id:

Signature: or failing him Signature: or failing him

3. Name: 2. Name:

Address: Address:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on the Monday, 30th September, 2019 at 9.00 AM at Registered Office of the Company at Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills, Hyderabad, Telangana – 500034. and at any adjournment thereof in respect of such resolutions as are indicated below:

- To adopt Standalone and Consolidated Financial Statements of the Company including Report of Board of Directors and Auditors for FY 2018-19.
- Appointment of M/s. MSKA & Associates, as Statutory Auditors and to fix their remuneration.
- Re-appointment of Mr. Atul Sharma as an Independent Director of the company.
- Re-appointment of Mr. S. Vijaya Saradhi as an Independent Director of the company.
- Re-appointment of Mrs. Richa Patnaik as an Independent Director of the company.

Signed this day of 2019

Signature of the Member

Signature of the Proxy holder(s)

Affix revenue stamp of Rupee One
--

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.

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PALRED TECHNOLOGIES LIMITED

CIN: L72200AP1999PLC033131

Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills, Hyderabad,
Telangana – 500034. Tel: 91-40-67138810 E-mail: company@palred.com
Website: www.palred.com

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 20th Annual General Meeting of the members of the company to be held on **Monday, 30th day of September, 2019 at 9.00 A.M.** at the Registered Office of the Company at Plot No. 2, 8-2-703/2/B, Road Number 12, 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.

ROUTE MAP – VENUE OF 20TH ANNUAL GENERAL MEETING



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Form No. MGT-12

POLLING PAPER

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

CIN : L72200AP1999PLC033131

Name of the Company : Palred Technologies Limited

Registered office : Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills, Hyderabad-34, Telangana.

BALLOT PAPER		
SI. No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable to investorsholding shares in dematerializedform)	
4.	Class of Share	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1	Adoption of Financial Statements.			
2	Appointment of M/s MSKA & Associates as Auditors.			
3	Re-appointment of Mr. Atul Sharma.			
4	Re-appointment of Mr. S. Vijaya Saradhi.			
5	Re-appointment of Ms Richa Patnaik.			
Place:				
Date:			(Signature of the shareholder)	

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If undelivered, please return to:



Palred Technologies Limited

Plot No. 2, 8-2-703/2/B,
Road Number 12, Banjara Hills,
Hyderabad-34, Telangana.