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# PALRED TECHNOLOGIES LIMITED ANNUAL REPORT 2013-14

## **COMPANY INFORMATION**

### **Board of Directors**

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Mr. Palem Srikanth Reddy	Chairman and Managing Director (DIN-00025889)
Mr. Edara Srinivas Prasad	Independent Director (DIN- 02591658)
Dr. T.R. Sivarama Krishnan	Independent Director (DIN- 02551064)
Mr. A. Mohan Krishna Reddy	Independent Director (DIN- 00093185)
Ms. Amala M	Additional Director (DIN- 06950172)

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Registered Office:	Palred Technologies Limited Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034, Telangana, India Website: <a href="http://www.palred.com">www.palred.com</a> E-mail- <a href="mailto:company@palred.com">company@palred.com</a> CIN No. L72200AP1999PLC033131
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Company Secretary and Compliance Officer	Ms. Haritha Varanasi
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Statutory Auditors	M/s Walker Chandiok & Co., LLP Chartered Accountants
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Internal Auditors	M/s Lakshminiwas & Co., Chartered Accountants
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Bankers	Citi Bank N.A Kotak Mahindra Bank Limited ICICI Bank Limited The Hongkong Shanghai Banking Corporation Limited. State Bank of India
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Registrars and Share Transfer Agents	Karvy Computershare Pvt Limited Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad- 500081. Tel: 040-23420815-28 Fax: 040-23420814/23420857 Website: <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a> Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>
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## Message from the Chairman and Managing Director

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Dear Shareholders,

I take pleasure in presenting the Fifteenth Annual Report of your Company. I use this opportunity to present the financial performance of the Company in the year and what we see for the future. The IT business along with investments in the subsidiary companies had been sold off to Transport I.T. Solutions Pvt. Ltd, a Kewill Group Company for a lumpsum consideration of 43.4 Million USD, which is indicative of the synergy of the transaction and the inherent value of the business that the Company has created over the last 13 years.

From the sale proceeds, your Company has distributed a sum of Rs. 29/- per share by way of interim dividend on October, 2013. Your Company has reported a net profit of Rs. 12,716.07 lakhs for the financial year ended 31<sup>st</sup> March, 2014 as against a loss of Rs. 124.16 lakhs in the previous year ended 31<sup>st</sup> March, 2013.

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

Your Company has initiated the proceedings to re-organize the capital structure by reducing to the extent of 50% of the paid-up capital/shares and to acquire the intellectual property of M/s Palred Media and Entertainment private Ltd and M/s Palpremuim Online Media Private Limited by merging those companies into PTL. The Board has approved the merger of both the companies into Palred Technologies Limited and also applied for the required statutory and regulatory approvals for the same. As the Securities and Exchange Board of India and the Stock Exchanges expressed their concerns regarding the scheme of arrangement for merger, the Company decided not to proceed further with the scheme. The company will consider alternate mechanisms acceptable to statutory and regulatory bodies that will still enable us to achieve these objectives and conduct business in the proposed domains.

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

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

Thank You,

**Palem Srikanth Reddy**

# PALRED TECHNOLOGIES LIMITED

CIN-L72200AP1999PLC033131

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

Ph. 040-66384916, Fax: 040-66384915

Website: www.palred.com | email: company@palred.com

## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Palred Technologies Limited (formerly Four Soft Limited) will be held on Monday, 29<sup>th</sup> day of September, 2014 at the registered office of the Company situated at Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034 at 10: 00 AM to transact the following business:

### **Ordinary Business:**

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2014 and statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014 together with the Directors' report and Auditors' Report.
2. To consider, and if thought fit, to pass with or without modification, the following resolution as ordinary resolution.

“**RESOLVED THAT** pursuant to provisions of Section 139 and 142 and other applicable provisions, if any, of Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, M/s Walker Chandiok & Co., LLP, Chartered Accountants, Firm Registration No. 001076N, 7<sup>th</sup> Floor, Block III, White House, Kundanbagh, Begumpet, Hyderabad-500016, India, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at remuneration to be fixed by the Board of Directors of the Company as per the recommendations of the Audit Committee.”

### **Special Business:**

3. To consider and if thought fit, pass with or without modification(s), the following resolutions as Ordinary Resolution.

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (Including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended up to date Ms. M. Amala, (holding DIN- 06950172) who was appointed as additional director by the Board of Directors pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five years up to 31<sup>st</sup> March, 2019.

4. To consider and if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution.

“**RESOLVED THAT** pursuant to the provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement entered with the Stock Exchanges, Mr. E. Srinivas Prasad (holding DIN No: 02591658) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act (being an independent Director) is no longer liable to retire by rotation and who in accordance with the Act is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of

five (5) years up to 31<sup>st</sup> March, 2019.”

5. To consider and if thought fit, pass with or without modification(s) the following resolution as Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including statutory modification(s) and re-enactments thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement entered with the Stock Exchanges, Mr. A. Mohan Krishna Reddy (holding DIN: 00093185) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who pursuant to the provisions of the Act (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) years up to 31<sup>st</sup> March, 2019.”

6. To consider and if thought fit, pass with or without modification(s) the following resolution as Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including statutory modification(s) and re-enactments thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement entered with the Stock Exchanges, Dr. T.R. Sivarama Krishnan (holding DIN:02551064) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31<sup>st</sup> March, 2019.”

7. To consider and if thought fit, pass with or without modification(s), the following resolution as special resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (including statutory modification(s) and re-enactments thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the proposed transaction between the Company and Mrs. Palem Supriya Reddy (a related party) for taking the property of Mrs. Supriya Reddy on rent by the Company for its business operations or any other purpose as the Company may think fit in its absolute discretion on the terms agreed/may be agreed between the Board of Directors and Mrs. Supriya Reddy and as briefly mentioned in the explanatory Statement to this resolution.

**“RESOLVED FURTHER THAT** Mr. Palem Srikanth Reddy, Managing Director and the Company Secretary of the Company be and are hereby authorized to sign any document or agreement for the above proposed transaction on behalf of the Company and take necessary steps and to do all acts, deeds and things as may be necessary and incidental to give effect to the resolution.”

For and on behalf of the Board of Directors

Sd/-

**Palem Srikanth Reddy**

**Chairman & Managing Director**

**(DIN-00025889)**

**Place: Hyderabad**

**Date: 01.09.2014**

## Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013, in respect of items 3-6 of the notice is annexed hereto.
3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of directors seeking appointment/re-appointment at the Annual General Meeting, is annexed hereto.
4. Pursuant to the provisions of Section 91 of the Act the Register of Members and Share Transfer Registers of the Company will remain closed from 25<sup>th</sup> September, 2014 to 29<sup>th</sup> September, 2014 (both days inclusive) in connection with the Annual General Meeting.
5. Members desirous of any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least 7 days before the date of the meeting, so that the information required by them may be made available at the meeting.
6. Corporate members intending to send their authorized representative to attend the meeting are requested to ensure that the authorized representative(s) carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorizations, authorizing them to attend and vote on their behalf at the meeting.
7. Pursuant to provisions of Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31<sup>st</sup> March, 2007 have been transferred to the Investor Education and protection Fund of the Central Government.

Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made in respect of any such claims by the fund. The transfer of unclaimed dividend for the financial year 2006-07 is under process.

Members who have not encashed the dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2009 and 2013-14 are requested to make their claims directly to the Company/ M/s Karvy Computershare Private Limited, without any delay.

8. Members/proxies are requested to bring the attendance slip along with their copy of the Annual Report to the meeting.
9. Securities and Exchange Board of India, vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circular, all share transfer requests received after 20<sup>th</sup> May, 2009 should therefore be accompanied with PAN details.
10. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited. Shareholders holding shares in electronic form must send the advice about change in the address to their respective depository participants and not to the Company.
11. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agents, for assistance in this regard.
12. To support the Green Initiative of the Ministry of Corporate Affairs, electronic copy of the Annual Report 2013-

14 will be sent to all the members whose email ids are registered with the Company/Depository participant for communication purposes unless any member has requested for the hard copy of the same. For members who have not registered their email address, physical copies of the same is being sent in the permitted mode.

13. Members may also note that the Notice of the 15<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's Website [www.palred.com](http://www.palred.com) for their download.
14. Members are requested to visit the website of the Company i.e [www.palred.com](http://www.palred.com) for viewing the quarterly, half-yearly and annual financial results and for more information of the Company.
15. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
16. Members/proxies are requested to kindly take note of the following:
  - i. Attendance slip, as sent herewith is required to be brought at the venue duly filled in and signed, for attending the meeting.
  - ii. Folio No./ DP & Client Id no. may please be quoted on all correspondence with the Company and or the STA.

### **E-Voting**

17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Clause 35B of the Listing Agreement entered with the Stock Exchanges, the Company is providing e-voting facility, to cast their votes electronically as on the cut-off date, to the members holding shares in physical or dematerialized form, on any or all of the items of business specified in the accompanying notice. Details of the process and manner of e-voting along with user id and password is being sent to all the members along with the notice.  
The Company has engaged the services of Karvy Computershare Private Limited to provide e-voting facilities and enabling the members to cast their vote in a secure manner.

**Commencement of e-voting: 23<sup>rd</sup> September, 2014 9:00 AM**

**End of e-voting: 25<sup>th</sup> September, 2014 5:00 PM**

Instructions and other information relating to e-voting are as under:

- a. Members receiving an e-mail from Karvy.
  - I. Open the e-mail which contains your user ID and password for e-voting. Please note that the password is an initial password.
  - II. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - III. Enter the login credentials (user id and password mentioned above). Your folio No/DP No. will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User Id and Password for casting your vote.
  - IV. After entering these details appropriately, click "LOGIN".
  - V. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will 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 and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any one and that you take utmost care to keep your password confidential.
  - VI. You need to log in again with new credentials.
  - VII. On successful login, the system will prompt you to select the E-voting Event Number for Palred Technologies Limited.
  - VIII. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under (FOR/AGAINST) or alternatively, you may partially enter any number in "FOR"



and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.

- IX. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
- X. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- XI. You may then cast your vote by selecting an appropriate option and click “Submit”.
- XII. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can log in any number of times till they have voted on the resolution(s).
- XIII. Corporate/Institutional members (i.e other than individuals, HUF, NRI etc) are also required to send scanned certified true copy (PDF) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at e-mail id [ssrfcs@gmail.com](mailto:ssrfcs@gmail.com). They may also upload the same in the e-voting module in their Login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_ EVENT No.”

b. **Members receiving physical copy of the Notice of AGM and attendance slip:**

- I. Initial password is provided as follows, at the bottom of the Attendance Slip.

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

- II. Please follow all the steps from S.No. (II) to (XIII) above, to cast vote.

c. **Common Instructions**

- i. **E-voting shall not be allowed beyond 5:00 PM on 25<sup>th</sup> September, 2014. During the e-voting period, members of the Company, holding shares either in physical form or in dematerialized form, as on 29<sup>th</sup> August, 2014 may cast their vote electronically. Once the vote on a resolution is cast by the members, the members shall not be allowed to change it subsequently.**
- ii. In case of any query pertaining to e-voting, please visit Help & FAQs section available at Karvy’s website <https://evoting.karvy.com>.
- iii. The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on **29<sup>th</sup> August, 2014**.
- iv. The Board of Directors has appointed **Mr. Vivek Surana**, Practicing Company Secretary, (C.P. No-12901) as scrutinizer to scrutinize the e-voting process in fair and transparent manner.
- v. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting process unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make Scrutinizer’s Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- vi. In case of members who are entitled to vote but have not exercised their right to vote by electronic means, the Chairman will offer an opportunity to such members to vote at the meeting for all businesses specified in the accompanying notice. In other words, the members who have exercised their right to vote by electronic means shall not vote at the meeting. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company. If a member casts votes by both modes, then voting done through electronic means shall prevail and Ballot shall be treated as invalid.

- vii. The results of e-voting and poll voting at the meetings on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of requisite number of votes in favor of the resolutions.
- viii. The results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.palred.com](http://www.palred.com)) and on Karvy's website ([evoting.karvy.com](http://evoting.karvy.com)) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India (NSE).

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

### **Item No.3**

Ms. Amala Mudhapuram was appointed as an additional director at the meeting of Board of Directors of the Company held on 01<sup>st</sup> September, 2014 in terms of Section 161 (1) of the Companies Act, 2013, in the category of non-executive independent director. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office up to the date of the next AGM and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

In order to ensure compliance with the provisions of Section 149 and 152 of the Companies Act, 2013 read with rules made thereunder and Schedule IV of the Act, it is proposed that approval of the Shareholders be accorded for the appointment of Ms. M. Amala Mudhapuram as 'Independent Director' for a term up to five years.

Ms. Amala Mudhapuram has confirmed compliance with the criteria of independence as provided under Section 149 (6) of the Act. The Board is of the opinion that her vast experience in the corporate laws would be benefit to the Company. Further, in the opinion of the Board, Ms. Amala Mudhapuram fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder, and she is independent of the Management.

None of the directors or the Key Managerial Personnel and their relatives except Ms. Amala Mudhapuram are concerned or interested directly or indirectly in the resolution set out at Item No. 3.

### **Item No.4 to 6**

Pursuant to the provisions of Section 149 of the Companies Act, 2013, with effect from 01<sup>st</sup> April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Further in terms of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 Independent Directors are required to be appointed for a term up to five consecutive years and not liable to retire by rotation.

It is therefore proposed to appoint all the existing independent directors of the company being Mr. E. Srinivas Prasad, Mr. A. Mohan Krishna Reddy and Dr. T. R. Sivarama Krishnan as Independent Directors of the Company under the provisions of Companies Act for a period of five years till March 31, 2019. In this regard notices have been received from members proposing Mr. E. Srinivas Prasad, Mr. A. Mohan Krishna Reddy and Dr. T.R. Sivarama Krishnan as candidate for the office of Directors of the Company. Accordingly, resolutions proposing appointment of Independent Directors are given at item 4 to 6 of this notice.

In terms of the Companies Act and amended Clause 49 of the listing Agreement notified By SEBI on April 17, 2014, the Board of Directors has reviewed the declarations made by them that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder for appointment as an Independent Director of the Company and are independent of the management.

The Board of Directors recommends the passing of Resolutions set out at Item No. 4 to 6 of this notice.

**Nature of concern or Interest of Directors:**

None of the Directors and/or Key Managerial Personnel of your company and their relatives except Mr. E. Srinivas Prasad, Mr. A. Mohan Krishna Reddy and Dr. T.R. Sivarama Krishnan are concerned or interested, financially or otherwise, in the above resolutions.

**Item No. 7**

As you are aware that the IT business of the Company along with employees had been sold to Kewill. After the sale of business, the Company has started its operations afresh with new management team and employees. For the purpose of business operations and considering the requirements of the company, the Management had been looking for some good premises to conduct its operations for long term.

While considering the suitable commercial premises at some prime location in Hyderabad, the premises of Mrs. Supriya Reddy also been considered by the Company. The premises is located at Banjara Hills, which is one of the best places and suitable area for the business purpose. The prevailing rentals of and commercial terms were enquired by the officers and discussed the proposal with Mrs. Supriya Reddy and the terms of the market have been agreed by the parties mutually.

Mrs. Supriya Reddy is Wife of Mr. Palem Srikanth Reddy, who is the promoter and Managing Director of the Company, hence she is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and also under Clause 49 of the Listing Agreement. Section 188 of the Companies Act, 2013 read with Rules 15 and 16 of the Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. Clause 49 also comes into operation for a related party transaction. The brief terms of the agreement are as below.

<b>S.No</b>	<b>Item</b>	<b>Description</b>
1	Address of the Premises	Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034.
2	Aggregate built up area	Ground Floor 1238 Sft including park area First Floor- 2135 Sft Second Floor- 2135 Sft
3	Duration of the Agreement	5 years commencing from 1 <sup>st</sup> January, 2014 and renewable for a further similar period by mutual consent
4	Initial Monthly rent	Rs. 2 lacs Per Month(Ground Floor 1238 SFT including parking area- Rs. 50,000/-First Floor 2135 SFT- Rs. 75,000/- Second Floor 2135 SFT- Rs. 75,000)
5	Increase in monthly rent	10% over the existing rent at the end of every two years of the lease period
6	Monthly rent payment date	On or before 5 <sup>th</sup> of every month
7	Security deposit	Rs. 12,00,000
8	Usage of premises	For the purpose of office use and business operations.

**Nature of Concern or interest of directors:**

None of the Directors and/or Key Managerial Personnel of your company and their relatives except Mr. Palem Srikanth Reddy, is concerned or interested, financially or otherwise, in the above resolutions.

For and on behalf of the Board of Directors

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director

**(DIN-00025889)**

Place: Hyderabad

Date: 01.09.2014

Registered Office:

Plot No.2, 8-2-703/2/B, Road No.12,

Banjara Hills, Hyderabad- 500034.

CIN: L72200AP1999PLC033131

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

Tel: 040-66384916 Fax: 040-66384915

**Brief profile of the Directors seeking appointment/re-appointment  
at the 15<sup>th</sup> Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)**

<b>Particulars</b>	<b>Mr. E. Srinivas Prasad</b>	<b>Mr. A. Mohan Krishna Reddy</b>	<b>Dr. T.R. Sivarama Krishnan</b>	<b>Ms. Amala Mudhapuram</b>
<b>Dt. of Appointment</b>	19.03.2009	19.06.2009	06.02.2009	01.09.2009
<b>Qualification</b>	Graduation	Master Degree in Financial Management from University of Bombay.	Engineering graduate from IIT- Madras. He has completed MBA from IGNOU, Delhi and has obtained Ph.D. in Business Administration from Redding University USA. He is also an Associate Member from Institute of Cost and Works Accountants of India.	Fellow Member of The Institute of Company Secretaries of India. Bachelor of Law from Andhra University. Associate of Insurance Institute of India, Mumbai. Master of Commerce from Osmania University.
<b>Nature of Expertise</b>	He is a successful entrepreneur having diverse business interests with primary focus in real estate investments. He was former Director of M/s Venkat Ram Paper Products Pvt. Ltd.	He is the Founder and CEO of Banyan Advisory, a Boutique Advisory services firm focusing on Mid-Market, fast growing enterprises. Prior to it he was the CFO of Applabs, the leading independent software Testing services company and prior to that, he was the CFO of Infotech Enterprises. In his role as a CFO he worked closely with the CEOs and Boards to enhance corporate Governance, Strategize and achieve profitable growth.	He has 23 years of expertise in strategic planning, Project Management, Business Development and Sourcing & Procurement, sub- contracting, finance Management in Oil, Gas, Power, Energy, SCM and IT sectors. He is a keen strategist with expertise in managing entire business operations with key focus on growth and profitability by ensuring optimal utilization of resources. Prior to Palred Technologies Limited, he was with Get Power Ltd. as President- Development responsible for the business development activities of the Company.	Has a vast experience in Secretarial matters. She has worked as company Secretary and Compliance Officer for Pioneer Distilleries Limited, Regency Ceramics Limited. She is the present Company Secretary of Zen Technologies Limited. During her tenure she has handled various corporate actions such as Preferential issues, listing of securities in BSE and NSE, Buy-Back of Equity Shares and Due Diligence for take over.
<b>Directorships in other Indian Companies</b>	Nil	1. Glochem Industries Limited 2. M. Anandam Consultancy Services Pvt. Ltd. 3. Banyan Securities and Financial Services Pvt. Ltd. 4. Orafin Financial Services Pvt. Ltd. 5. Hyderabad Angels Forum for Entrepreneurship Development 6. Sresta Natural Bio-Products Pvt. Ltd. 7. Alphageo (India) Ltd.	Nil	Nil

Particulars	Mr. E. Srinivas Prasad	Mr. A. Mohan Krishna Reddy	Dr. T.R. Sivarama Krishnan	Ms. Amala Mudhapuram
Chairman/ Membership positions held in Committees of other Indian Cos.	Nil	Nil	Nil	Nil
Relationship with other directors	None	None	None	None
No. of shares held in Palred Technologies as on 31 <sup>st</sup> March, 2014	100	Nil	22	Nil
Resolution No.	Resolution No.4 Your Directors recommend the resolution for the approval. Except Mr. Srinivas Prasad none of the other directors of the Company is in any way concerned or interested in the resolution.	Resolution No.5 Your directors recommend the resolution for the approval. Except Mr. Mohan Krishna Reddy, none of the other directors of the Company is in any way concerned or interested in the resolution.	Resolution No.6 Your directors recommend the resolution for the approval. Except Dr. T.R. Sivarama Krishnan, none of the other directors of the Company is in any way concerned or interested in the resolution.	Resolution No.3 Your directors recommend the resolution for the approval. Except Ms. Amala Mudhapuram, none of the other directors of the Company is in any way concerned or interested in the resolution.

# Appointed as Nominee Director

For and on behalf of the Board of Directors

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director

**(DIN-00025889)**

Place: Hyderabad

Date: 01.09.2014

Registered Office:

Plot No.2, 8-2-703/2/B, Road No.12,

Banjara Hills, Hyderabad- 500034.

CIN: L72200AP1999PLC033131

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

Tel: 040-66384916 Fax: 040-66384915

## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to place before the shareholders the Fifteenth Annual Report of Palred Technologies Limited (formerly Four Soft Limited) (herein after referred to as 'Palred' or 'the Company') together with the audited financial statements for the year ended March, 31, 2014.

### 1. Standalone Financial Results

(Rs. In millions except per share data)  
For the year ended 31<sup>st</sup> March

Particulars	2014	2013
Total Income	221.19	341.68
Total expenditure	207.27	342.12
<b>Operating profit/(Loss)(EBITDA)</b>	<b>13.92</b>	<b>(0.44)</b>
Interest	0.43	0.49
Depreciation and amortization	5.63	11.50
<b>Profit before Tax</b>	<b>7.86</b>	<b>(12.43)</b>
Tax Expense	337.73	-
<b>Profit/(Loss) After tax and before exceptional items</b>	<b>(329.87)</b>	<b>(12.43)</b>
Exceptional Items	1601.48	-
<b>Profit/(Loss) after tax and Exceptional Items</b>	<b>1271.61</b>	<b>(12.43)</b>
Basic and diluted Earnings per share (in Rs.)	32.57	(0.32)

### 2. Business Performance

During the year under review, the total income of the Company is Rs. 221.19 million as compared to Rs. 341.68 Million of the previous year. The operating profit stood at Rs. 13.92 Million as compared to a loss of Rs. 0.44 Million in the previous year 2012-13. The profit after tax of the Company stood at Rs. 1271.61 Million during the year under review compared to a loss of 12.43 million during the previous year.

Your Company is into providing IT solutions and IT services for Media and Entertainment and Online e-commerce portals after the sale of IT business and investments in the foreign subsidiaries. Your Company conducting its operations in online sale of Laptops, computers, Mobile accessories and computer peripherals through its website [www.latestone.com](http://www.latestone.com).

### 3. Declaration of Interim Dividend

The Company has declared an interim dividend of Rs.29/- per share during the year under review. The interim dividend has been paid out of the profits on slump sale of the IT business and investments in the foreign subsidiaries. In view of the requirement of funds for the expansion of business after the sale of IT business and investments in the foreign subsidiaries, the directors do not recommend dividend for the financial year 2013-14.

### 4. Transfer to reserves

The Company proposes the entire amount of profit after tax for an amount of Rs. 1271.61 Million to be retained in profit and loss account.

### 5. Fixed Deposits

Your Company has not accepted any fixed deposits and, as such, no principal or interest was outstanding as of the balance sheet date.

**6. Issue of equity shares under Employee Stock Option Scheme**

During the year under review, your Company has allotted 77,226 shares under the Employee Stock Option scheme to the eligible employees. The Board of Directors had approved allotment of 65,228 shares under ESOP Scheme-2009 on their Board Meeting held on 30<sup>th</sup> May, 2013 and 11,938 shares on their Board Meeting held on 10<sup>th</sup> August, 2013. The Company's paid-up capital is Rs.195, 184,850/- consisting of 39, 036, 970 equity shares of Rs. 5/- each as on 31<sup>st</sup> March, 2014. There has been no change in the Authorized capital of the Company during the year under review.

**7. Reservation of 20,00,000 shares to the new management team**

The Company has reserved 20, 00,000 shares to the new management team, under the Employee Stock Option Scheme. The Board of Directors had given their approval on their meeting held on 13<sup>th</sup> October, 2013 and the members had given their approval at their general meeting held on 27<sup>th</sup> November, 2013.

**8. Slump sale of business**

During the year under review, your Company had sold the IT business and Investments in foreign subsidiaries to Transport I.T Solutions Private Limited, a Kewill Group Company, for a lumpsum consideration of USD 43.4 Million subject to customary price purchase adjustments. The respective sale of business had been approved by the Board of Directors at their meeting held on 10<sup>th</sup> August, 2013 and the shareholders had given their consent by way of postal ballot on 18<sup>th</sup> September, 2013.

**9. Subsidiaries**

As a part of slump sale of business, the entire investments in the share capital of foreign subsidiaries, Four Soft B.V, Four Soft Singapore Pte Ltd., and Four Soft USA Inc. including the step down subsidiaries have been sold off to Kewill Group. During the year under review, Four Soft Malaysia SDN applied for liquidation. As on 31<sup>st</sup> March, 2014 there are no subsidiaries for your Company.

**10. Change in the registered office of the Company**

During the year under review, the registered office of the Company has been shifted from 5Q1, A3, Cyber Towers, HITECH City, Madhapur, Hyderabad- 500081 to Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad-500034 with effect from 07<sup>th</sup> October, 2013.

**11. Acquisition**

During the year under review, your Company has acquired on January 8<sup>th</sup> 2014, Deals15.com from Premium Web Services which provides internet services and software services/solutions to business to business e-commerce and website development for the purpose of business operations in online e-commerce as it is being emerged as a profitable area of business and it would be an effective way to initiate the business post sale of Four Soft Limited.

**12. Technology - Solutions offered**

Presently your Company, after selling 4S products to Kewill, is focusing on three different verticals. The first vertical is online e-commerce solutions. Your Company is focusing on occupying the online electronics accessories e-commerce niche area in India. Your Company is doing Dry Run for your online electronics accessories e-commerce site called LatestOne.com which is powered by Palred Stores. Your Company also offers solution called Palred Stores for e-commerce industry, which would like to open their online store and focus on their business rather than worrying about the technology platform. Your Company is focusing on implementing processes to improve overall shipment delivery turn around, quality of service and better automations. The backend solution has been implemented using Microsoft Dynamics AX 2012 R2. The LatestOne.com site integrates with CCAvenue payment gateway and many of the 3PLs (Bluedart, Aramex, Delhivery, DotZot and EMS) for shipment delivery.

The Second vertical, your Company offers IT-services on high-end solutions like enterprise application integration, data analytics, big data and master data management. The third vertical, your company offers solutions for media and entertainment.

### **13. Corporate Governance**

Your Company has been making every effort to improve governance and transparency in the conduct of business. Your Company is committed to good Corporate Governance coupled with good corporate practices. A detailed report on corporate governance is available as a separate section in this Annual Report. Certificate by a Practicing Company Secretary on compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as an annexure in this Annual Report.

The Company has well framed policies such as Whistle Blower Policy, Fraud Detection Policy and Code of Conduct for prevention of Insider Trading. The Company has internal controls and documented procedures and continues to ensure compliance with the said policies.

### **14. Management Discussion and Analysis**

A report on the Management Discussion and Analysis for the year under review is annexed hereto and forms part of the Annual Report.

### **15. Directors**

Appointment:

With effect from 1<sup>st</sup> September, 2014, Ms. Amala Mudhapuram has been appointed as Additional Director by the Board of Directors of your Company.

As per the requirements of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchanges, the Independent Directors are not liable to retire by rotation and are to be appointed for a period of Five (5) consecutive years. Hence, Ms. Amala.M, Mr. E. Srinivas Prasad, Mr. A. Mohan Krishna Reddy and Dr. T.R. Sivarama Krishnan are being appointed for a period of five (5) years.

### **16. Corporate Social Responsibility**

At Palred we strongly believe in improving the quality of life of the communities we serve. To achieve this objective, the Palred Technologies CSR team has been actively working on improving the welfare of the socially and economically disadvantaged communities, especially those that exist in and around its areas of primary operation.

Your Company CSR policy encompasses initiatives to encourage sustainable socio-economic development of the community and to improve the quality of life of the people living in the areas in which it operates. In line with the values of all its stakeholders and most importantly, based on a genuine concern for people and the community, we at Palred donated an amount of Rs. 5 Lakhs to Bhupati Raju Sita Devi Charitable Trust, for the education of the children of the trust.

### **17. Statutory Auditors**

The retiring Statutory Auditors of the Company, M/s Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N) hold office as Statutory Auditors till the conclusion of Fifteenth Annual General Meeting and they have confirmed their eligibility and willingness to accept office and be re-appointed as the Statutory Auditors to hold office until the conclusion of sixteenth Annual General Meeting.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants, as the Statutory Auditors to hold office until the conclusion of sixteenth Annual General Meeting.



The Company has received a certificate from M/s Walker Chandiook & Co., LLP to the effect that their re-appointment, if made, would be in accordance with the limits as specified under Section 139 of the Companies Act, 2013 and that they meet the criteria of independence. The proposal of their re-appointment is included in the notice of the ensuing Annual General Meeting.

A report of Auditors on the financials of the Company is appended to this annual report. There are no qualifications in the report.

**18. Particulars of Employees**

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended thereon, no employees other than Managing Director are drawing more than rupees sixty lakhs per financial year or rupees Five Lakh per month, as the case may be for the year 2013-14. The particulars are mentioned in annexure II to the Directors' Report.

**19. Disclosures as per Listing Agreement**

**Clause 32**

The cash flow statement under indirect method is in accordance with the Accounting Standard on cash flow statement (AS-3) as notified by the Companies (Accounting Standards) Rules, 2006, as amended is appended to this Annual Report.

**20. Directors' Responsibility Statement**

Your Company's Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- I. The financial statements have been prepared in conformity with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956. There are no material departures in the adoption of applicable Accounting Standards.
- II. 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 true and fair view of the Company at the end of the financial year ended 31<sup>st</sup> March, 2014 and of the profit and loss of the Company for the year.
- III. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. We have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2014 on a going concern basis.

The Board of Directors and the management of your Company accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order to that the financial statements reflect in a true and fair manner; the form and substance of transactions, and reasonably present the Company's state of affairs and profit for the year.

The financial statements have been audited by Walker Chandiook & Co., LLP Chartered Accountants, the Statutory Auditors.

The Audit Committee of the Company meets periodically with the Statutory Auditors to review the manner in which the auditors are discharging their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, Statutory Auditors have full and free access to the members of the Audit Committee to discuss any manner of substance.

**21. Acknowledgement**

Your Directors wish to express their gratitude to the Central and State Governments, investors, Securities and Exchange Board of India, the stock exchanges, analysts, financial institutions, banks, associates, and customers for their support. Your directors commend all the employees of your company for their continued dedication, significant contributions, hard work and commitment.

Place: Hyderabad

Date: 01.09.2014

For and on behalf of the Board of Directors

**Sd/-**

**Palem Srikanth Reddy**

**Chairman & Managing Director**

**(DIN-00025889)**

## ANNEXURE I TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

### 1. Conservation of energy

The business operations of your company are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and equipment. Your Company continuously evaluates new technologies and invests for making infrastructure more energy efficient. As the facility is located at Banjara Hills, Air-conditioners, Computers used are highly energy efficient. As energy costs comprise a nominal part of Company's total expenses, the financial impact of these measures are not material.

### 2. Research and Development & Technology absorption

In continuation with our strategy of Technology Management as the centre piece of our business model, we have taken various initiatives and steps. Technology has a bigger part in solving the business problems that leads to various improvements for the customers and society at large. Such overlapping confluence can happen in the field of Analytics, Big Data, and Master Data Management. We would continue to explore and invest in such area.

We would also explore open source solutions holds numerous other compelling advantages for business, some of them even more valuable than the software's low price. The Open Source model harnesses the power of distributed peer review and transparency to create high-quality, secure and easily integrated software at an accelerated pace and lower cost.

Today companies must offer applications that run on a range of devices, and connect to an exploding set of backend data. We would continue to invest in research and develop in new mobile reality solutions, quickly delivering native cross-platform apps, mobilizing any data source, and driving success with real-time mobile analytics.

### 3. Benefits derived as a result of R&D activity

R&D initiatives of Palred Technologies Limited create intellectual and intangible assets which are monetized by way of a) additional customization revenue from product improvements and enhancements and b) sale of new products to existing and new customers. In the year, your company will be initiating R&D on Apache OfBiz solution, Talent open source solutions and business analytics.

### 4. Foreign exchange earnings and outgo

( in Million)

Particulars	For the year ended	
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Gross earning	16.05	336.40
Outflow (including imported software)	8.89	19.12
Net Foreign Exchange (NFE) Earnings	7.16	317.28
NFE/Gross Earnings %	44.61%	94%

**ANNEXURE II TO THE DIRECTORS REPORT SHOWING THE PARTICULARS OF EMPLOYEES REQUIRED TO BE ATTACHED PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

<b>Name &amp; Age</b>	<b>Designation</b>	<b>Remuneration ( in Rs.)</b>	<b>Qualification</b>	<b>Experience</b>	<b>Date of Joining</b>	<b>% of shareholding in the company</b>
Mr. Palem Srikanth Reddy (51 years)	Chairman & Managing Director	97 lacs	Industrial Engineering Graduate from REC, Trichy and Post Graduate in Industrial Engineering from Stanford University, USA	24years	24.12.1999	22.85%

**Note:** The Company has applied for Central Government approval for increase in the remuneration of Mr. Palem Srikanth Reddy of Rs. 98 lacs per annum. The said approval from the Central Government is awaited.

# **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

## **FOR THE YEAR 2013-14**

### **Global Industry Outlook**

Your Company is into Online E-commerce business after the slump sale of IT business. In the today's global markets, Online E-commerce is likely to become more personalized, with retailers customizing their services and integrating online sales channels such as websites and social networks.

As current trends continue, Asia-Pacific is expected to overtake North America as the region with the highest B2C E-Commerce sales in 2013 and to account for over a third of global B2C E-commerce revenues. By 2016, the Asia-Pacific region's share is likely to increase further, while the North-America and Western Europe shares of world total B2C E-commerce are expected to steadily erode. One of the major trends there is expected to be growth of M-commerce, reflected in triple digit growth rates of mobile payments in the years to 2016. The online sales of luxury goods such as health and beauty products, apparel and watches has led the recent surge in B2C E-commerce in China. New delivery systems and payment methods are being implemented helping to tap into the great potential for online e-commerce.

The major trends in the e-commerce industry can be attributed to lifestyle transformation of consumers, spreading out of online niche and accessibility of modern technology. The ease and convenience that online shopping offers is probably to top reason behind the flourishing e-commerce industry. Apart from that, more and more ecommerce sites are offering better prices on various products and services.

According to eMarketer's latest survey, worldwide business-to-consumer e-Commerce sales will increase by 20.1% this year to reach \$1.500 trillion. Growth comes primarily from the rapidly expanding online and mobile user bases in emerging markets, increases in m-Commerce sales, advancing, shipping and payment options, and the push into new international markets by major brands.

In 2014, for the first time, consumers in Asia-Pacific will spend more on E-commerce purchases than those in North-America, making it the largest regional E-commerce market in the world. This year alone, B2C e-Commerce sales are expected to reach \$525.2 billion in the region compared with \$ 482.6 Billion in North America.

China will take in more than six of every 10 dollars spent on E-commerce in Asia-Pacific this year and nearly three quarters of regional spending by 2017. The Country's E-commerce market is second only to the US, but this is not expected to last much longer. Beginning in 2016 China will overtake the US in spending. Massive gains in China, as well as in India and Indonesia, will push Asia-Pacific's growth ahead.

The strength of sales in emerging markets is largely due to their large populations coming online and buying there for the first time. Asia-Pacific will claim more than 46% of digital buyers worldwide in 2014, though these users will only account for 16.9% of the region's population. Penetration will also be low in Central and Eastern Europe, Latin America, and Middle East and Africa. For now, North America and Western Europe are the only regions where a majority of residents will make purchases via digital channels.

### **Indian Industry overview**

India's E-commerce market grew at a staggering 88% in 2013 to \$16 billion, riding on blooming online retail trends and defying slower economic growth and spiraling inflation, according to survey by industry body ASSOCHAM.

The increasing internet penetration and availability of more payment options boosted the e-commerce industry in 2013. Besides electronic goods, apparel and jewelry, home and kitchen appliances, life style accessories like watches, books, beauty products and perfumes, baby products witnessed significant upward movement in last one year.

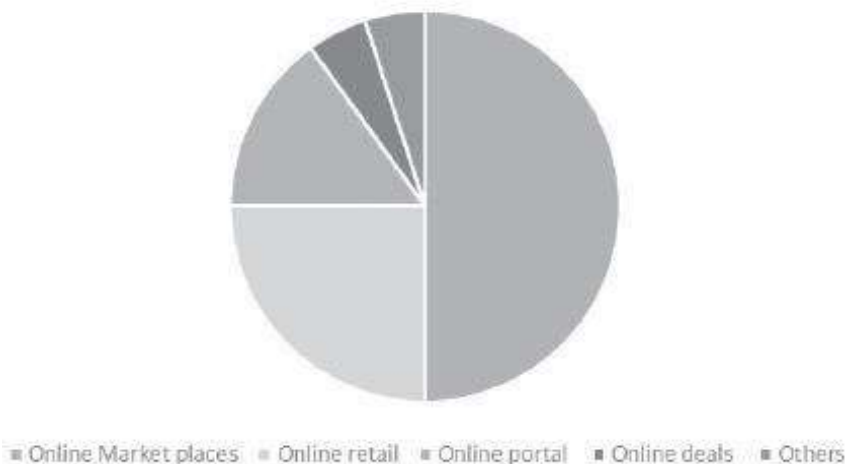
It is estimated the country's e-commerce market to reach \$ 56 billion by 2023, driven by raising online retail.

The products that are sold most are in the tech and fashion category including mobile phones, i-pads, accessories, MP3 players, digital cameras and jewelry, among others, it found.

Indian E-commerce has grown at a compounded annual growth rate of 30% since FY 09 and is expected to be \$ 18 billion opportunity by FY 2015. The growth of online retail was partly driven by changing urban consumer lifestyle and the need for convenience of shopping at home.

### B2C ecommerce vendor analysis

Vendors share of the market- 2013



India’s E-commerce business jumped by more than 80% in 2013 and the momentum is likely to continue for at least the next five years. The size of India’s E-commerce market in 2013 was around \$16 billion. The online travel segment contributed over 70% of the total consumer e-commerce transactions last year. The E-commerce business in India is expected to reach around \$50-70 billion by 2020 on the back of a fast growing internet-connected population and improvement in related infrastructure like payment and delivery systems.

According to Boston Consultancy Group (BCG) study on digital influence 2013-14, online shopping is expected to rise 14% by 2016 from 6% in 2013. Digital influence is rapidly expanding to small urban towns and rural areas, as the number of internet and mobile users has been increased.

India has internet base of around 150 million as of August 2013. Having close to 10% of internet penetration in India throws a very big opportunity for online retailers to grow and expand as future of internet seems very bright.

To capitalize on the benefits offered by the unique Indian consumer base, e-commerce companies have been innovating with policies traditionally not available in a brick and mortar store. Companies have introduced return policies ranging from 7-30 days, free home delivery and the most recent cash on delivery, which led to a lot of momentum in internet sales and changed people’s perception towards online shopping as shoppers can now purchase without disclosing their credit/debit card details.

Indian E-commerce market was worth about \$2.5 Billion in 2009, went up to \$6.3 Billion in 2011 and \$16 Billion in 2013. It is expected to touch \$56 Billion by 2023 which will be 6.5% of the total retail market. Factors like spiraling inflation and slower economic growth failed to dampen the online shopping trends of Indian consumers and have witnessed a significant change in 2013, recording 85% rise in online trends over the regular shopping than last year. The trend of online e-commerce is set to see greater heights in the coming years, not only because of India’s rising internet population, but also due to changes in the supportive eco-system.

The B2C market in India generates the bulk of revenues across the consumer facing modes of e-commerce. Though online travel has typically held major share of the B2C market, online retail is also growing rapidly and is expected to significantly increase its share.

## **Outlook on opportunities, threats, risks and concerns.**

Ecommerce offers many competitive advantages, such as improved productivity, reduced costs, streamlined business processes, improved customer service and entry to the global business arena. And online shopping is still growing, although credit card security and online fraud remain the biggest concerns of online retailers, as it has adversely affected their bottom line.

Operating an online business involves risks and challenges, but if merchants are aware of risks and observe best business practices to address these risks, they will be better able to reap the benefits from e-commerce. Some of the common issues and concerns for merchants with regard to operating online businesses include the need to differentiate legitimate customers from fraudulent users in real time, to establish an adequate security system to detect and minimize online payment fraud, and to prevent unauthorized access to the company's network and data. Anywhere along the B2C transaction flow – from the customer entering his billing and shipping address, to him confirming the purchase order, making payment online to merchant, and the final fulfilment of goods and services – valuable information can be tampered with or stolen, creating opportunities for dispute and fraud.

There are three potential risks that can be faced: security, payment and fulfilment risks.

### **1. Security risk**

Security risk arises from virus and hacker attacks. The severity of the damage caused varies with the type of attack (e.g. data loss, stolen information, denial of service). Viruses and hacker attacks disrupt your business operations and can lead to loss in customer confidence and sales revenue.

### **2. Payment risk**

Payment risk exists when transactions are done over the Internet and when the customer's identity cannot be identified or established. This gives rise to payment disputes from genuine customers. Such situations are more commonly associated with credit card payments over the Internet. Other reasons for payment disputes can arise from ordered goods not reaching the customer, disagreement over the currency conversion rate, and goods received not meeting the customer's expectations or specifications.

### **3. Fulfilment risk**

Fulfilment refers to the delivery of goods, which could be physical products or digital goods. Fulfilment risks associated with physical goods refer to problems such as defective goods, goods not matching the given description, and delays in delivery. Digital goods fulfilment is performed via electronic means and is vulnerable to risks such as hijacking and illegitimate manipulation of information content or mass duplication of copyrighted content.

To minimize these risks, it is recommended that we should adopt a disciplined approach in risk management and bear in mind that risk management is not a one-time effort. It is a continuous process that requires organization-wide commitment and well documented procedures, processes and practices to manage security, payment and fulfilment risks.

## **Challenges**

### **1. Lack of touch and feel**

Most Indian Customers prefer to sample a product before making a purchase. This applies across categories such as clothing, shoes, perfumes and accessories. Lack of touch-and-feel in online shopping could lead to issues such as wrong product sizes. This creates a mental barrier for consumers to shop online.

## **2. Increased competition with the entry of global players.**

The growth potential of the online retail segment in India is attracting leading international players. The entry of international players would increase competition in the segment. The advanced technology capabilities of global players in areas such as customer analytics and recommendation engines would pose a challenge for local companies.

International players have larger financial resources than their Indian counterparts. This enables them to bear losses and restrict supplies to their competitors by buying out supplies from vendors. This could drive out smaller domestic players from the market.

## **3. Low margins prompting e-commerce players to look at new business models.**

The majority of the e-commerce companies are price players due to the stiff competition they face and the race to acquire maximum number of customers. This results in very low margins.

## **Human Resources**

To remain competitive in the IT and e-commerce industry and achieve its business objectives, your Company understands the need of constantly attracting, grooming and retaining the best talent in the industry for its strategic success.

The Company has focused on transformation through qualitative recruitments across all levels and functions (project Managers, Technical Managers, QA Lead, to name a few). We have focused on premier institutes (IIT Hyderabad, IIM, BITS Hyderabad and NIT to name a few) to hire bright candidates into the organization who have the potential to become the future leaders with their high drive to excel. A concentrated effort in recruitment was taken to make the staff more culturally diverse and further improve workplace demographics by recruiting people from different cities and IT hubs in India.

Talent development and continuous learning have been the focus area during the year. Constant improvements in behavioural skills and updations with advanced technologies have been the core areas for learning opportunities.

To have better control, improved process efficiency and quality, payroll administration and statutory compliances and filings were bought in-house. This has also resulted in a much lower operational cost than what was spent annually for outsourcing it. All these activities are managed and maintained by Company personnel.

Your Company follows performance with engagement methodology where each resource is entitled for having fun at work. Engagement activities with an objective of enhanced communication, cohesiveness and collaboration within the teams have been conducted at regular intervals. These activities have also acted as mode of de-stressing the resources who are sometimes hard pressed due to important project deliverables.

With various new initiatives planned in the year ahead, your company aspires to retain or improve its image as an employer of choice and keep attracting and retaining the best talent in the industry for sustained high performance and growth.

## **Intellectual Property Infringement**

As product development/ website 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 defense and costly litigations on behalf of our customers.



## **Risks and risk management and their implementation**

Security breaches, fraud and customer disputes represent just some of the risks associated with e-Commerce when we accept credit card payments. A single incident involving a breach of sensitive data could result in fines, negative publicity and loss of trust, credibility of the organization.

Some of the risk management measures include:

Educating the team on risks- Everyone operating in the organization are having an understanding of the fraud and security risks involved in an e-commerce transaction.

The more informed the organization is, the easier it will be to combat online threats and to carry out risk mitigating measures.

Communicating organizational policies to customers- In order to avoid customer dissatisfaction and disputes, privacy policies will be made available to the public by placing in the website. A page that educates customers about our security practices and controls will be created.

Regular software updates with the newest versions of security software are implemented to avoid vulnerability to attack.

## **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.

## **Strategy**

The Company's strategy has always been to strengthen our leadership position in this domain irrespective of market dynamics and this will enable us to have a leader positioning and thus increasing our scope of offerings to existing and potential clients. We continue to have recurring business from existing customers along with maintaining a long term relationship.

We continue to invest in employees, technology tools for R&D, recruitment and honing employee skills, increased domain expertise and promote brand visibility through tradeshows, sponsorships and investor relations. We also continue to develop alliances with leading technology providers to take advantage of emerging technology for mutual benefit and cost competitiveness.

## **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.

## **Human Resources**

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.

## **Culture, Values and Leadership**

Your Company has started operations in e-commerce as its new line of business. 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, color, 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.

## **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.

## **CORPORATE GOVERNANCE REPORT**

Report on Corporate Governance forming part of Directors' Report of Palred Technologies Limited (formerly Four Soft Limited) for the year ended 31<sup>st</sup> March, 2014 pursuant to Annexure XII (Mandatory Requirements) read with Clause 49 of the Listing Agreement with Stock Exchanges in India.

### **Corporate Governance Philosophy**

Effective Corporate Governance practices constitute the strong foundations on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and society at large. Effective corporate governance practices are being adopted to bring transparency, accountability and fairness in business practices.

Palred Technologies (formerly Four Soft Limited) in its continuous initiative and drive towards good governance and accountability has upheld the Corporate Governance through ethical business practices, integrity and transparent business operations. Your company believes in adopting the best practices that are followed in the area of Corporate Governance. The features of our Corporate Governance Philosophy include providing complete transparency on our operations and following openness in our communication to all our stakeholders.

Your Company is in compliance with the requirements stipulated under the Clause 49 of the Listing Agreement entered with the stock exchanges with regard to corporate governance. The board is collectively responsible for pursuing this purpose and corporate governance processes are structured to direct the company's actions, assets and agents to achieve this purpose while complying with the Code of Governance and the Company's own policies.

The 3-tier Corporate Governance Structure at Palred

I. The Shareholders appoint and authorize the Board of Directors ("Board") to conduct business with objectivity and ensure accountability to all shareholders.

II. On behalf of the Shareholders, the Board leads the strategic management of the Company, exercises supervision through direction and control and appoints various committees to handle specific areas of responsibilities.

III. The Committees of the Board and Executive Management appointed by the Board take up specific responsibilities and day-to-day tasks to ensure that the activities of the Company run according to the strategies set by the Board.

### **A. Board Composition**

#### **I. Size and composition of the Board**

The Company has an optimum combination of executive and non-executive directors with more than fifty percent of the Board comprising of non-executive directors. All independent non-executive directors comply with the requirement of independent directors definition of Clause 49 of the Listing Agreement entered into with the stock exchanges.

The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee memberships held by them in other companies is given below.

Name of the Director	Category of Directorship	No. of shares as on 31.3.2014	No. of Board Meetings		Attendance at last AGM	No. of Directorships in other companies			No. of Committee positions held in	
			Held	Atten- ded		Indian		Foreign Comp- anies	Palred Techno- logies Ltd.	Other Compa- nies
						Private	Public			
Mr. Palem Srikanth Reddy	Executive Chairman & Managing Director	8920607	7	6	Yes	3	-	9***	1	-
Mr. Srinivas Prasad	Non-executive & Independent Director	NIL	7	5	Yes	-	-	-	2	-
Dr. T.R. Sivarama Krishnan	Non-Executive & Independent Director	22	7	3	No	-	-	-	3	-
Mr. Mohan Krishna Reddy	Non-Executive & Independent Director	100	7	7	Yes	5	1	-	3	-
Prof. Janat Shah*	Non-Executive & Independent Director	NIL	7	NIL	No	1	-	-	3	-
Mrs. Soujanya Reddy#	Non-Executive Director	179701	7	NIL	No	2	-	-	-	-
Mr. K.V.Rama Krishna**	Non-Executive & Nominee Director	NIL	7	2	No	4	3	-	3	-

\*Ceased to be director w.e.f.01.10.2013

#ceased to be director w.e.f 13.10.2013

\*\* Ceased to be director w.e.f 30.09.2013

\*\*\* The foreign subsidiaries were sold off to Kewill Group on September-October 2013. As on 31<sup>st</sup> March 2014, Mr. Palem Srikanth Reddy is director in none of the foreign companies.

## **B. Board Meetings**

Seven Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2014. The dates of the Board meetings are 30<sup>th</sup> May, 2013, 10<sup>th</sup> August, 2013, 13<sup>th</sup> October, 2013, 14<sup>th</sup> November, 2013, 8<sup>th</sup> January, 2014, 24<sup>th</sup> January, 2014 and 11<sup>th</sup> February, 2014.

The Company Secretary in consultation with the Chairman and Managing Director circulates the agenda papers for Board meetings well in advance before the meeting. The directors actively participate in the discussions at the Board Meetings. The Company has granted leave of absence to directors who expressed their inability to attend the meetings after due requisitions from them.

## **C. Committees of the Board**

The Company comprises of four Committees - the Audit Committee, the Remuneration/Compensation Committee, the Share Transfer and Investor Grievances Committee and the Nomination Committee. Majority of directors who constitute the committees are Independent Directors. The Board in consultation with the Company Secretary decides the frequency of the Committee meetings. All the Committees (except nomination committee) meet at least four times in a year and the recommendations of the committee are submitted to the Board. The quorum of these meetings is either one-third of the members or 2 whichever is higher. Recommendations of the Committees are submitted to the entire Board for approval.

### **1. Audit Committee**

The Company constituted a Qualified and Independent Audit Committee comprising of Non- Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956 read with Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 read with Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

The audit committee reviews, acts reports to Board of Directors on the following matters:

- Auditing and accounting matters, including appointment of statutory and internal auditors.
- Compliance with legal and statutory requirements
- Integrity of Company financial statements.
- Scope of annual audit, fees paid to statutory and internal auditors
- Statement of related party transactions
- Performance of internal audit functions, accounting standards.

The Composition of the Audit Committee and the attendance of each member of the Committee at the meetings were as follows:

S.No	Name of the Director	Category	No. Of meetings held during the year	No. Of meetings attended
1	Dr. T.R. Sivarama Krishnan	Chairman, Non-Executive & Independent Director	4	2
2.	Mr. Srinivas Prasad	Member, Non- Executive & Independent Director	4	2
3.	Mr. Mohan Krishna Reddy	Member, Non-Executive & Independent Director	4	4
4.	Mr. KV Ramakrishna*	Member, Non- Executive & Nominee Director	4	2
5.	Prof. Janat Shah#	Member, Non-Executive & Independent Director	4	NIL

\* Ceased to be director w.e.f. 30.09.2013

# ceased to be director w.e.f 1.10.2013

Four meetings of audit committee were held during the year under review on 30<sup>th</sup> May, 2013, 10<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013 and 11<sup>th</sup> February, 2014. The gap between two audit committee meetings was less than four months. The necessary quorum was present at all the meetings.

## 2. Nomination and Remuneration Committee

- I. The Company has a remuneration committee of three directors.
- II. The broad terms of reference of the Remuneration Committee are as under:
  - To recommend the composition of the Board
  - Identify the Independent Directors to be inducted in to the Board.
  - To approve the annual remuneration plan of the Company.
  - To approve the remuneration and commission/incentive payable to the Managing Director for each financial year;
  - Such other matters as the Board may from time to time request the remuneration Committee to examine and recommend/approve.

The Nomination and Remuneration Committee comprises of independent and non-executive directors. The composition of the Nomination and Remuneration Committee and the attendance of the members of Remuneration Committee is as follows.

Name of the Director	Designation	No. Of meetings held	No. Of meetings attended
Dr. T.R. Sivarama krishnan	Chairman	1	Nil
Mr. Palem Srikanth Reddy	Member		
KV Ramakrishna*	Member	1	1
Mohan Krishna Reddy	Member	1	1
Srinivas Prasad	Member	NA	NA

\*ceased to be director w.e.f 30.09.2013

The Nomination and Remuneration Committee reviews the remuneration package payable to Executive Director(s) and other senior Executives in the top level management of the Company and other elements of their proper appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

Sitting fees paid to the Non-executive directors is as follows:

Name of the Director	sitting fees paid in
a. Srinivas Prasad	20,000
b. Mohan Krishna Reddy	20,000
c. Prof. Janat Shah	-

Note: Sitting fees has been paid to the directors till the board meeting dated 10<sup>th</sup> August, 2013.

Other than the sitting fees to non-executive directors, there was no pecuniary relationship or transaction with the Company.

The Company has not issued any stock options to its Directors.

The shareholding of the directors in the company as on 31<sup>st</sup> March, 2014 is as follows.

Name of the Director	No. of shares
a. Mr. Palem Srikanth Reddy	8920607
b. Mr. Mohan Krishna Reddy	100
c. Dr. T.R. Sivarama Krishnan	22
d. Mr. Srinivas Prasad	Nil
e. Mr. KV Ramakrishna*	Nil
f. Prof. Janat Shah#	Nil
g. Mr. Soujanya Reddy**	179701

\*ceased to be director w.e.f 30.09.2013

#ceased to be director w.e.f.01.10.2013

\*\* Ceased to be director w.e.f. 13.10.2013

### 3. Stakeholders Relationship Committee

The present composition and the attendance of members of Stakeholders Relationship Committee is as under:

Name of the Director	Designation	Number of Meetings held	Number of Meetings attended
1. Dr. T.R.Sivarama Krishnan	Chairman	4	2
2. Ms. Amala	Member	4	Nil
3. Mr. KV Ramakrishna#	Member	4	2
4. Mr. Mohan Krishna Reddy	Member	4	4
5. Mr. Prof. Janat Shah*	Member	4	Nil

#ceased to director w.e.f 30.09.2013

\*ceased to be director w.e.f 01.10.2013

The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, and issue of duplicate share certificates, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investors' complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

The Stakeholders Relationship Committee met four times during the year under review on 30<sup>th</sup> May, 2013, 10<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013 and 11<sup>th</sup> February, 2014 respectively.

It is also noted that the shareholding in dematerialization mode is 95.40% during the year under review.

The break-up of the complaints/grievances received and redressed are given below.

Non-receipt of Annual Report	Nil
Non-receipt of dividend warrant	14
Total complaints received and redressed	14

There have been no pending share transfers and un-resolved shareholders' grievances pertaining to the financial year ended 31<sup>st</sup> March, 2014.

#### **D. General Body Meetings**

##### **I. Annual General Meetings**

<b>Financial year</b>	<b>SR*</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2012-13	5	27 <sup>th</sup> November, 2013	11:00AM	Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034
2011-12	0	29 <sup>th</sup> September, 2012	10:00AM	Chip Auditorium, Cyber Towers, Hitech City, Hyderabad-500081
2010-11	0	28 <sup>th</sup> September, 2011	11:00AM	Chip Auditorium, Cyber Towers, Hitech City, Hyderabad-500081

SR\* - Special Resolutions Passed

Five special resolutions have been passed in the Annual General Meeting held on 27<sup>th</sup> November, 2013.

1. To re-appoint the Chairman and Managing Director
2. To increase the remuneration of Mr. Palem Srikanth Reddy, Chairman and Managing Director.
3. To change the name of the Company from Four Soft Limited to Palred Technologies Limited
4. To reduce the capital to the extent of fifty percent of the paid up capital/paid up equity shares.
5. To reserve 20, 00,000 equity shares of the Company to new Management team under Employee Stock Option Scheme-2013.

##### **II. Extra-Ordinary General Meeting**

No Extra Ordinary General Meeting had been held during the year under review.

During the year the Company has sold its business for a lumpsum amount of USD 43.4 Million to Transport I.T. Solutions Private Limited, a Kewill Group Company. The Board of Directors has passed the resolution in their meeting held on 10<sup>th</sup> August, 2013 at the Registered Office of the Company. The proposed resolution has been passed by the shareholders through postal ballot.

##### **Disclosures:**

- I. There have been no materially significant transactions, pecuniary transactions or relations between the Company and directors, management, subsidiary or related parties except those disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2014.
- II. The Company followed the Accounting Standards prescribed by The Companies (Accounting Standards) Rules, 2006, as amended in preparation of financial statements.
- III. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed



on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during the last three years.

- IV. The Company has also complied with all the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement and has also complied with the following non-mandatory requirements as prescribed in annexure I D to the Clause 49 of the Listing Agreement with the stock exchanges:
- a. The Company has set up a Compensation (Remuneration) Committee. Please refer to the Compensation (Remuneration Committee) for further details.
  - b. During the period under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
  - c. The Company has formulated a whistle blower policy which provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, accounting, internal accounting controls, auditing matters and applicable laws including statutory/regulatory rules and regulations. No personnel has been denied access to the audit committee.
  - d. The Board of Directors will explore the possibility of introducing all non-mandatory items in a need-based manner.

#### **Means of Communication**

- i. The quarterly, half yearly and annual financial results are regularly submitted both to the National Stock Exchange of India and Bombay Stock Exchange Limited in accordance with the Listing Agreement and simultaneously displayed in the Company's website [www.palred.com](http://www.palred.com). The secretarial department serves to inform the investors by providing key and timely information like details of Directors, Financial Results, Shareholding pattern etc.
  - ii. Quarterly, half-yearly and yearly financial reports are published in Andhra Bhoomi (Telugu) and Business Standard (English).
  - iii. Management Discussion and Analysis report forms part of the Annual Report.
-

## GENERAL SHAREHOLDER INFORMATION

1. Date, Time and Venue of 15<sup>th</sup> AGM : 29<sup>th</sup>September, 2014 at 10:00 AM at the registered office of the Company at Plot No.2,8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad-500034
2. Financial Calendar : The Company follows 'April to March' as the financial year. The results of every quarter are declared within 45 days from the end of the quarter. The Audited Annual Results are usually declared on 30<sup>th</sup> of May, every year.
3. Dates of Book Closure : 25<sup>th</sup> to 29<sup>th</sup> September, 2014 (both days inclusive)
4. Listing on Stock Exchanges : National Stock Exchange of India(NSE):PALRED  
BSE Limited (BSE): 532521  
Listing fees for the year 2014-15 have been paid to both the Stock Exchanges.
5. Electronic Connectivity : National Securities Depositories Limited (NSDL) & Central Depository Services (India) Limited (CDSIL). ISIN No. INE218G01017
6. Registered Office : Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad, Andhra Pradesh- 500034.  
Tel: 040-66384915/16 Fax: 040-66384915  
Website: [www.palred.com](http://www.palred.com)
7. Registrar and Share Transfer Agents : Share transfer in physical form and other communication regarding share transfer Certificates, dividends, change of address may be addressed to:  
  
Karvy Computershare Pvt. Ltd  
UNIT: Palred Technologies Limited  
Plot No.17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad, Andhra Pradesh-500081  
Tel: 040-44655000 Fax: 040-23420814  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)
8. Share Transfer System : Applications for transfer of shares held in physical form are received at the office of Registrars and share transfer agents of the Company. Shares lodged for physical transfer would be registered within a period of 8days on proactive measure and duly transferred. It would be dispatched to the concerned shareholders within a week from date of approval of transfers by the Share Transfer Committee. For this purpose, the Share Transfer Committee meets as often as required. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Shares are dematerialized and sent to shareholders concerned within 14 days.

Pursuant to Clause 47(C) of the Listing Agreement with stock exchanges, certificates on half-yearly basis are issued by a Company Secretary in Practice for due compliance with share transfer formalities by the Company.

Pursuant to the SEBI (Depositories and Participants) Regulations, 1996 certificates have been received from a Company Secretary in Practice for due timely dematerialization of the Company's shares and for conducting a reconciliation of company's share capital.

9. Dematerialization of shares and Liquidity : 95.40% of the Company's Paid up equity Share capital has been dematerialized up to March 31, 2014. Trading in equity shares of the Company is permitted only in dematerialized form.
10. Outstanding ADRs/GDRs/ Warrants and convertible Instruments, Conversion date and likely impact on equity : Not Applicable
11. Investor Correspondence : 1. For any information regarding dematerialization of shares, share transfer, transmission, change of address, non-receipt of dividend or any other query relating to shares or for any generation, or correspondence, contact:  
**Karvy Computershare Private Limited**  
**UNIT: Palred Technologies Limited**  
Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad- 500081. India  
Tel: 040-44655000 Fax: 23420814  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)
2. Ms. Haritha Varanasi  
Company Secretary and Compliance Officer  
Palred Technologies Limited  
Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034, A.P, India.  
Tel: 040-66384916  
Email- [company@palred.com](mailto:company@palred.com)
3. For queries on Financial Statements  
Mr. Harish Naidu  
Head- Finance & Accounts  
Palred Technologies Limited  
Plot No.2,8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034. A.P, India.  
Tel: 040-66384916  
Email: [company@palred.com](mailto:company@palred.com)

## 12. Stock Market Data

The monthly closing high, low trading volumes of the Company's Equity shares during the last financial year 2013-14 at the Bombay Stock Exchange Limited and the National Stock Exchange of India are given below.

Month	Bombay Stock Exchange (BSE)			National Stock Exchange(NSE)		
	High()	Low()	Volume	High()	Low()	Volume
April 2013	15.45	12.00	3,37,222	15.30	11.80	3,83,462
May 2013	16.64	12.5	3,53,572	16.15	12.40	5,31,149
June 2013	14.35	11.5	1,21,382	14.15	11.50	2,34,840
July 2013	20.44	13.27	4,74,782	20.70	13.25	10,63,474
August 2013	30.6	15.25	9,44,975	30.20	14.55	7,60,308
September 2013	35.75	26.3	5,00,213	35.75	26.50	10,00,328
October 2013	41.15	12.75	6,43,100	42.15	13.80	29,82,479
November 2013	19.55	15.85	4,04,287	19.25	15.30	11,49,627
December 2013	17.3	15.9	1,78,653	17.10	15.50	3,38,811
January 2014	18.3	14.35	2,17,982	18.10	14.55	4,22,301
February 2014	16.5	14.6	1,44,548	16.70	14.60	3,13,703
March 2014	17.35	14.55	1,54,584	17.50	14.25	2,42,670

## 13. Distribution of Equity shares as on 31<sup>st</sup> March, 2014

Category		No. of shareholders	% to shareholders	No. Of shares held	% to capital
From	To				
1	5000	17325	90.94	4145828	10.62
5001	10000	787	4.13	1235855	3.17
10001	20000	415	2.18	1229915	3.15
20001	30000	179	0.94	909718	2.33
30001	40000	63	0.33	448156	1.15
40001	50000	70	0.37	665545	1.70
50001	100000	95	0.50	1368637	3.51
100001 and above		117	0.61	29033316	74.37
<b>Total</b>		<b>19051</b>	<b>100.00%</b>	<b>39036970</b>	<b>100.00%</b>

14. Shareholding Pattern as on 31<sup>st</sup> March, 2014

Category Code	Category of shareholder	No. Of shareholders	Total No. of shares	Percentage to total shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
<b>(1)</b>	<b>Indian</b>			
(a)	Individual/HUF	1	8920607	22.85
(b)	Others	3	415796	1.07
	<b>Sub-Total A(1)</b>	<b>4</b>	<b>9336403</b>	<b>23.92</b>
	<b>Foreign</b>			
<b>(2)</b>	Individuals (NRI/Foreign Individuals)	0	0	0
(a)	Bodies Corporate	0	0	0
(b)	Financial Institutions/Banks	0	0	0
(c)	Others	0	0	0
(d)	<b>Sub-Total A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total shareholding of promoter and promoter group			
	<b>Total A= A(1)+A(2)</b>	<b>4</b>	<b>9336403</b>	<b>23.92</b>
<b>(B)</b>	<b>Public Shareholding</b>			
<b>(I)</b>	<b>Institutions</b>			
(a)	Financial Institutions/Banks	1	300	0.00
(b)	Venture Capital Funds	1	3949447	10.12
(c)	Foreign Institutional Investors	2	243022	0.62
	<b>Sub-Total (BI)</b>	<b>4</b>	<b>4192769</b>	<b>10.74</b>
<b>(2)</b>	<b>Non-Institutions</b>			
(a)	Bodies Corporate	342	1606423	4.12
(b)	Individuals			
	(i) Individuals holding nominal share capital up to Rs.1lakh	18473	9213859	23.60
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	86	10316886	26.43
(c)	Others			
	Foreign Nationals	8	1478095	3.79
	Foreign Bodies	2	1596308	4.09
	Non-resident Indians	90	528790	1.35
	Overseas Corporate Bodies	3	722836	1.85
	Clearing Members	37	43701	0.11
	Trusts	2	900	0.00
	<b>Sub Total B(2)</b>	<b>19043</b>	<b>25507798</b>	<b>65.34</b>
	<b>Total B=B(1)+B(2)</b>	<b>19047</b>	<b>29700567</b>	<b>76.08</b>
	<b>Total A+B</b>	<b>19051</b>	<b>39036970</b>	<b>100</b>

15. Other Information

**A. Unclaimed Dividends**

As per the provisions of Companies Act, 1956, dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education & Protection Fund administered by the Central Government.

Financial Year	Date of declaration of dividend	Unclaimed dividend	Due date for transfer to IEPF
2005-06	29 <sup>th</sup> September, 2006	Rs.174011.00	6 <sup>th</sup> November, 2013
2008-09	10 <sup>th</sup> August, 2009	Rs. 94,760.00	10 <sup>th</sup> September, 2016

The transfer of unclaimed dividend for the financial year 2005-06 to IEPF is under process. After completion of seven years, as per the table above, no claims shall lie against the said fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.

**B. Electronic clearing service/mandates/bank details:**

The members may please note that electronic clearing service details contained in the benpos downloaded from NSDL & CDSL would be reckoned for dividend whenever declared. Shareholders desirous of modifying those instructions should write to their respective depository participants.

**C. Nomination in case of shares held in physical form**

The Companies Act, 1956 provides facility for making nomination by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his/her nominee without having to go through the succession certificate/Probate of will process.

**D. Certificate on Corporate Governance**

The certificate on Corporate Governance dated 1<sup>st</sup> September, 2014 obtained from Mr. Sarveswar Reddy, SS Reddy & Associates, Practicing Company Secretaries also forms part of the Annual Report.

**E. CEO/CFO Certification**

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Head- Finance & Accounts of the Company have certified to the Board regarding Financial Statements for the year ended 31st March 2014.

**F. Code of Conduct**

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board of Directors and a declaration to that effect signed by the Managing Director is attached and forms part of this Report. These Codes have been posted on the Company's website [www.palred.com](http://www.palred.com).

**G. Code of Insider Trading**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted and implemented a Code of Conduct for prohibition of Insider Trading for Directors and specified employees of the Company, relating to dealing in the shares of the Company. This Code lays down the guidelines which provide for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons. The company regularly monitors the transactions undertaken by the employees and also intimates the stock exchanges about the transactions of the designated employees as mandated under the regulations.

## H. Whistle Blower Policy

Your Company has put in place a Whistle Blower Policy. In terms of this policy, all employees are encouraged to report any instance/s of unethical behavior, fraud, violation of the Company's Code of Conduct or any behavior which may otherwise be inappropriate and harmful to the Company. The policy provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, Accounting, Internal Accounting Controls, Auditing Matters and applicable national and international laws including statutory / regulatory rules and regulations. This policy has been communicated to all employees and has also been posted on the Company's Intranet for ready access. The company further confirms that no personnel have been denied access to the Audit Committee.

## I. Fraud Detection Policy

Your Company has also put in place a Corporate Fraud Detection Policy to facilitate the development of controls which will aid in the detection and prevention of fraud against Four Soft Limited (Company). It is the intent of the Company to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

## REQUEST TO INVESTORS

### 'Green Initiative'

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by MCA, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move from the Government to contribute towards a greener environment. This will be an opportunity for every shareholder to join hands with the company in its Corporate Social Responsibility initiatives.

Advantages of opting for E-communication:

- Receive communication promptly
- Reduce paper consumption and save trees
- Eliminate wastage of paper
- Receipt of communication promptly
- Avoid loss of documents in postal transit
- Saving costs on paper and postage

Accordingly, the company has sent e-mails through our Registrars and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd. to the shareholders who have updated their email addresses with their Depository Participants (DP) requesting them to intimate their preference (physical or soft copy) for the Annual Report 2013-2014. The company has forwarded the Annual Report 2013-2014 including the Notice inviting for the Annual General Meeting 2014 to the shareholders based on their preference.

Appreciating the spirit of the circular issued by MCA, henceforth, we intend to dispatch the various notices/documents including audited financial results, directors' report, auditor's report, general meeting notices etc. to the email id of shareholders who have updated their email addresses with their Depository Participants. We request you to update your email address with your Depository Participant to ensure that the Annual Report and other documents reach you on your preferred email.

In case you desire to register a different e-mail ID, please update the same with your Depository Participant. Please also keep your DP informed as and when there is a change in your email address.

Please note that documents sent through email will also be available on the Company's website [www.palred.com](http://www.palred.com) and physical copies of the same will also be available at the registered office as mentioned above for inspection during office hours.

In case you still desire to receive the above mentioned documents physically, the company would provide the same at no extra cost. For receiving documents in physical form, please mail your requests to [company@palred.com](mailto:company@palred.com).

As a step towards greater shareholder participation and sharing of material information related to the company, your company intends to acquaint the shareholders with all material events and financial performance of the company through email on a regular basis.

Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address/ email id, nomination facility, bank account number, etc.

As required by the SEBI, investors shall furnish details of their respective bank account number and name and address of the bank for incorporating in the dividend warrants to reduce the risk to them of fraudulent encashment.

Place: Hyderabad  
Date: 01.09.2014

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

#### **MANAGING DIRECTOR AND HEAD OF FINANCE CERTIFICATION**

We hereby certify that:

- a. We have reviewed the financial statements and the cash flow statements for the year ended March, 31, 2014 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies."
- d. There have been no instances of:
  - i. Significant changes in internal control over financial reporting during the year 2013-14.
  - ii. Significant changes in the accounting policies during the year.
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Place: Hyderabad  
Date: 01.09.2014

Sd/-  
Harish Naidu  
Head - Finance & Accounts



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR  
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

As required under clause 49 (D) (ii) of the Listing Agreement with Stock Exchanges in India, I, Palem Srikanth Reddy, Chairman and Managing Director of the Company hereby declare and confirm to the best of my knowledge that the Board Members and Senior Management Team of the Company have affirmed the compliance with the Business Code of Conduct and Ethics as on March, 31, 2014.

**Palem Srikanth Reddy  
Chairman & Managing Director  
(DIN-00025889)**

**Certificate on Corporate Governance**

To  
The Members of  
Palred Technologies Ltd.  
(Formerly Four Soft Ltd)  
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Palred Technologies Limited, for the year ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

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

Sd/-  
S. Sarveswar Reddy  
Membership No: 12611  
C.P.No.7478

Place: Hyderabad  
Date: 01.09.2014

## **Independent Auditor's Report**

**To the Members of Palred Technologies Limited (formerly Four Soft Limited)**

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Palred Technologies Limited (formerly Four Soft Limited), ("the Company"), which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
  - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by sub-section(3) of section 227 of the Act, we report that:
  - a. we have 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 appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For Walker Chandniok & Co LLP**  
(formerly Walker, Chandniok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

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

Place: Hyderabad  
Date: 30 May 2014

**Annexure to the Independent Auditor's Report of even date to the members of Palred Technologies Limited (formerly Four Soft Limited), on the financial statements as at and for the year ended 31 March 2014.**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed off a substantial part of the fixed assets, which, however, in our opinion has not affected the going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹32,804,587 and the year-end balance is ₹Nil.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans granted, receipt of the principal amount and the interest is regular.
- (d) There is no overdue amount in respect of loans granted to such parties.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

**Annexure to the Independent Auditor's Report of even date to the members of Paired Technologies Limited (formerly Four Soft Limited), on the financial statements as at and for the year ended 31 March 2014.**

- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Financial year	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	60,939,060	2007-08	Income Tax Appellate Tribunal
		19,023,393	2008-09	Income Tax Appellate Tribunal
		17,195,852	2009-10	Dispute Resolution Panel

- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash losses during the year. *In the immediately preceding financial year, the Company had incurred cash losses.*
- (xi) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

**Annexure to the Independent Auditor's Report of even date to the members of Paired Technologies Limited (formerly Four Soft Limited), on the financial statements as at and for the year ended 31 March 2014.**

- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loan taken by its wholly owned subsidiary from a bank are not, *prima facie*, prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

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

Place: Hyderabad  
Date: 30 May 2014

**Palred Technologies Limited (formerly Four Soft Limited)****Balance Sheet as at 31 March 2014**

(All amounts in ₹, unless otherwise stated)

	Notes	As at 31 March	
		2014	2013
<b>I. Equity and liabilities</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	195,184,850	194,795,720
(b) Reserves and surplus	4	669,124,476	721,529,251
<b>Total Shareholders' funds</b>		<b>864,309,326</b>	<b>916,324,971</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term provisions	5	35,852	5,545,070
<b>Total non-current liabilities</b>		<b>35,852</b>	<b>5,545,070</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	7	4,844,095	71,698,046
(b) Other current liabilities	8	3,094,891	75,454,247
(c) Short-term provisions	9	8,804	1,216,480
<b>Total current liabilities</b>		<b>7,947,790</b>	<b>148,368,773</b>
	<b>Total</b>	<b>872,292,968</b>	<b>1,070,238,814</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
-Tangible assets	10	5,663,187	40,673,905
-Intangible assets	11	1,391,530	32,418,715
		<b>7,054,717</b>	<b>73,092,620</b>
(b) Non-current investment	12	-	661,284,805
(c) Long-term loans and advances	13	33,715,987	38,373,545
(d) Other non-current assets		-	341,742
<b>Total non-current assets</b>		<b>40,770,704</b>	<b>773,092,712</b>
<b>(2) Current assets</b>			
(a) Inventories	14	1,982,273	-
(b) Current investments	15	821,337,439	11,465,375
(c) Trade receivables	16	1,182,192	179,158,199
(d) Cash and bank balances	17	5,110,994	29,994,144
(e) Short-term loans and advances	18	1,831,816	63,350,554
(f) Other current assets	19	77,550	13,177,830
<b>Total current assets</b>		<b>831,522,264</b>	<b>297,146,102</b>
	<b>Total</b>	<b>872,292,968</b>	<b>1,070,238,814</b>

The accompanying notes 1 to 40 are integral part of these financial statements.

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

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Sanjay Kumar Jain**  
Partner

Place: Hyderabad  
Date: 30 May 2014

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

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Haritha Varanasi**  
Company Secretary

Place: Hyderabad  
Date: 30 May 2014

**Mohan Krishna Reddy**  
Director

**Paired Technologies Limited (formerly Four Soft Limited)**  
**Statement of Profit and Loss for the year ended 31 March 2014**

(All amounts in ₹, unless otherwise stated)

	Notes	For the year ended 31 March	
		2014	2013
I Revenue from operations	20	178,697,603	323,609,181
II Other income	21	49,641,403	18,073,678
<b>III Total revenue</b>		<b>228,339,006</b>	<b>341,682,859</b>
IV Expenses			
Purchases of stock-in-trade		3,876,079	-
Changes in inventories of stock-in-trade	22	(1,982,273)	-
Employee benefits expense	23	134,586,249	250,559,345
Finance costs	24	428,027	486,799
Depreciation and amortization	10,11	5,627,066	11,497,155
Other expenses	25	77,947,408	91,556,149
<b>Total expenses</b>		<b>220,482,556</b>	<b>354,099,448</b>
<b>V Profit/(loss) before exceptional items and tax</b>		<b>7,856,450</b>	<b>(12,416,589)</b>
VI Exceptional items	26	1,601,481,380	-
<b>VII Profit/(loss) before tax</b>		<b>1,609,337,830</b>	<b>(12,416,589)</b>
Consisting of:			
- Profit from continuing operations		585,071,240	4,890,545
- Loss from discontinued operations	36	1,024,266,590	(17,307,134)
VIII Tax expense			
Current tax		337,730,935	-
<b>IX Profit/(loss) for the year after tax</b>		<b>1,271,606,895</b>	<b>(12,416,589)</b>
Consisting of:			
- Profit from continuing operations		446,074,721	4,890,545
- Loss from discontinued operations		825,532,174	(17,307,134)
<b>XII Profit/(loss) for the year [(IX)+(X)]</b>		<b>1,271,606,895</b>	<b>(12,416,589)</b>
<b>Earnings per equity share [EPES]</b>			
Basic and diluted EPES		32.57	(0.32)
Weighted average number of equity shares considered in calculating basic and diluted EPES		39,036,970	38,755,276
Par value of shares		5	5

The accompanying notes 1 to 40 are integral part of these financial statements.

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

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Sanjay Kumar Jain**  
Partner

Place: Hyderabad  
Date: 30 May 2014

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

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Haritha Varanasi**  
Company Secretary

Place: Hyderabad  
Date: 30 May 2014

**Mohan Krishna Reddy**  
Director



**Paired Technologies Limited (formerly Four Soft Limited)**  
**Cash Flow Statement for the year ended 31 March 2014**  
(All amounts in ₹, unless otherwise stated)

	<b>For the year ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,609,337,830	(12,416,589)
Adjustments to reconcile loss before tax to net cash flows:		
- Profit on sale of business	(1,029,388,662)	-
- Profit on sale of non-current investments	(719,963,072)	-
- Dividends from non-trade current investments	(34,383,242)	(1,682,736)
- Service tax credit written off/(written back)	3,268,699	(5,821,664)
- Depreciation and amortization expense	5,627,066	11,497,155
- Interest income on fixed deposits	(5,124,858)	(25,474)
- Bad debts written off	11,342,000	-
- Interest on loans to subsidiaries	(375,527)	(1,880,788)
- Employee benefits	44,656	709,023
- Employee stock compensation expense	69,988	2,300,625
- Liabilities no longer required written back	90,332	643,477
- Unrealized foreign exchange loss	-	1,014,810
- Provision for doubtful debts	-	503,448
- Profit on sale of assets	-	(64,795)
<b>Operating loss before working capital changes</b>	<b>(159,454,790)</b>	<b>(5,223,508)</b>
Movements in working capital:		
-(Increase)/decrease in trade receivables	92,148,722	(75,429,515)
-Decrease in short-term loans and advances	39,700,446	3,420,855
-Increase in long-term loans and advances	(3,979,590)	(4,766,603)
-(Increase)/decrease in other current assets	(1,946,628)	60,018,173
-Decrease in other non-current assets	341,742	-
-Increase/(decrease) in current liabilities	(44,031,012)	39,781,831
-Increase in inventories	(1,982,273)	-
-Increase in long term provisions	1,983,785	-
-Decrease in short-term provisions	(1,243,528)	-
-Decrease in trade payables	(26,368,551)	-
<b>Cash generated from/(used) in operations</b>	<b>(104,831,677)</b>	<b>17,801,233</b>
Income taxes paid	(334,327,138)	(5,159,390)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(439,158,815)</b>	<b>12,641,843</b>
<b>Cash flows from investing activities</b>		
-Purchase of fixed assets	(8,633,725)	(2,590,718)
-Proceeds from sale of business	1,135,342,478	-
-Proceeds from sale of non-current investments	1,381,247,877	-
-Sale of fixed assets and intangible assets	-	170,493
-Receipts of loans and advances to subsidiaries	-	7,668,311
-Redemption of mutual funds	1,072,787,973	6,037,250
-Investment in mutual funds	(1,882,660,037)	-
-Interest received	5,500,385	-
-Dividend received from non-trade current investment	34,383,242	1,682,736
<b>Net cash generated from investing activities (B)</b>	<b>1,737,968,193</b>	<b>12,968,072</b>

**Paired Technologies Limited (formerly Four Soft Limited)**  
**Cash Flow Statement for the year ended 31 March 2014**  
(All amounts in ₹, unless otherwise stated)

	<b>For the year ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,609,337,830	(12,416,589)
Adjustments to reconcile loss before tax to net cash flows:		
- Profit on sale of business	(1,029,388,662)	-
- Profit on sale of non-current investments	(719,963,072)	-
- Dividends from non-trade current investments	(34,383,242)	(1,682,736)
- Service tax credit written off/(written back)	3,268,699	(5,821,664)
- Depreciation and amortization expense	5,627,066	11,497,155
- Interest income on fixed deposits	(5,124,858)	(25,474)
- Bad debts written off	11,342,000	-
- Interest on loans to subsidiaries	(375,527)	(1,880,788)
- Employee benefits	44,656	709,023
- Employee stock compensation expense	69,988	2,300,625
- Liabilities no longer required written back	90,332	643,477
- Unrealized foreign exchange loss	-	1,014,810
- Provision for doubtful debts	-	503,448
- Profit on sale of assets	-	(64,795)
<b>Operating loss before working capital changes</b>	<b>(159,454,790)</b>	<b>(5,223,508)</b>
Movements in working capital:		
-(Increase)/decrease in trade receivables	92,148,722	(75,429,515)
-Decrease in short-term loans and advances	39,700,446	3,420,855
-Increase in long-term loans and advances	(3,979,590)	(4,766,603)
-(Increase)/decrease in other current assets	(1,946,628)	60,018,173
-Decrease in other non-current assets	341,742	-
-Increase/(decrease) in current liabilities	(44,031,012)	39,781,831
-Increase in inventories	(1,982,273)	-
-Increase in long term provisions	1,983,785	-
-Decrease in short-term provisions	(1,243,528)	-
-Decrease in trade payables	(26,368,551)	-
<b>Cash generated from/(used) in operations</b>	<b>(104,831,677)</b>	<b>17,801,233</b>
Income taxes paid	(334,327,138)	(5,159,390)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(439,158,815)</b>	<b>12,641,843</b>
<b>Cash flows from investing activities</b>		
-Purchase of fixed assets	(8,633,725)	(2,590,718)
-Proceeds from sale of business	1,135,342,478	-
-Proceeds from sale of non-current investments	1,381,247,877	-
-Sale of fixed assets and intangible assets	-	170,493
-Receipts of loans and advances to subsidiaries	-	7,668,311
-Redemption of mutual funds	1,072,787,973	6,037,250
-Investment in mutual funds	(1,882,660,037)	-
-Interest received	5,500,385	-
-Dividend received from non-trade current investment	34,383,242	1,682,736
<b>Net cash generated from investing activities (B)</b>	<b>1,737,968,193</b>	<b>12,968,072</b>

# **Palred Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, unless otherwise stated)

### **1. Company Overview**

Palred Technologies Limited (formerly “Four Soft Limited”, the ‘Company’) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956 (“the Act”). The Company is head quartered in Hyderabad, India and the Company’s equity shares are listed on Bombay Stock Exchange (‘BSE’) and National Stock Exchange (‘NSE’).

Pursuant to the sale of core business and entire investment in subsidiaries with effect from 4 October 2013 (“the effective date”) the Company ceases to be transportation and logistics software products Company providing integrated enterprise solutions. The Company’s new line of business is to provide IT solutions and IT services for media and entertainment, online e-commerce portals and to trade online in computers, mobiles and electronic products. Further the name of the Company has been changed to ‘Palred Technologies Limited’ with effect from 9 December 2013.

### **2. Summary of significant accounting policies**

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

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India (‘Indian GAAP’) and comply in all material respects with the mandatory Accounting Standards (‘AS’) prescribed in the Companies (Accounting Standard) Rules, 2006 (‘the Rules’), with the relevant provisions of the Act, the Companies Act, 2013 (to the extent applicable) and pronouncements of the Institute of Chartered Accountants of India (‘ICAI’) and other relevant provisions of the Act. The financial statements have been prepared on an accrual basis and the accounting policies applied by the Company are consistent with those used in the previous year.

#### **(b) Use of estimates**

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

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule VI to the Act. Based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

#### **(c) Tangible assets**

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

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

Assets under installation or under construction as at the balance sheet date are shown as ‘capital work-in-progress’.

## Palred Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, unless otherwise stated)

#### (d) Depreciation on tangible assets

Depreciation is provided using the written down value method as per the useful lives of the fixed assets estimated by management, or at the rates prescribed under Schedule XIV to the Act whichever is higher. The rates used by the Company are:

Assets	Rate (%)
Buildings	5.60
Computers	40.00
Office equipment	13.91
Furniture and fittings	18.10

Leasehold improvements are depreciated on written down value over the lease period of three to five years or useful lives as estimated by management, whichever is lower.

#### (e) Intangible assets

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

##### *Research and development cost*

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

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

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

#### (f) Impairment

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

#### (g) Leases

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

## **Palred Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, unless otherwise stated)

#### **(h) Investments**

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

#### **(i) Inventories**

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

#### **(j) Revenue recognition**

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

##### *Sale of goods and services*

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

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

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

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

##### *Interest*

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

##### *Dividends*

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

##### *Rental income*

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

## **Palred Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, unless otherwise stated)

#### **(k) Foreign currency transactions**

##### *Initial recognition*

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

##### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### *Exchange differences*

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

#### **(l) Retirement and other employee benefits**

##### *Provident fund*

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

##### *Gratuity*

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

##### *Compensated absences*

Compensated absences are in the nature of short-term benefit and provided for based on estimates.

#### **(m) Employee stock option scheme**

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

#### **(n) Income taxes**

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

## **Palred Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, unless otherwise stated)

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

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

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

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the statement profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

#### **(o) Earnings per equity share**

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

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

#### **(p) Provisions and contingent liabilities**

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

#### **(q) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

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

**Palred Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**3. Share capital**

	As at 31 March	
	2014	2013
<b>Authorized share capital</b>		
56,077,600 (2013: 56,077,600) equity shares of ₹5 each *	280,388,000	280,388,000
696,120 (2013: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000	69,612,000
<b>Issued, subscribed and fully paid-up equity shares</b>		
39,036,970 (2013: 38,959,744) equity shares of ₹5 each *	195,184,850	194,798,720
Less: Calls in arrears	-	3,000
<b>Total issued, subscribed and fully paid-up equity share capital</b>	<b>195,184,850</b>	<b>194,795,720</b>

\* refer note 37 to the financial statements

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

	31 March 2014		31 March 2013	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	38,959,744	194,798,720	38,959,744	194,798,720
Issued during the year	77,226	386,130	-	-
Balance at the end of the year	<b>39,036,970</b>	<b>195,184,850</b>	<b>38,959,744</b>	<b>194,798,720</b>

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

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

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

	31 March 2014		31 March 2013	
	Number of shares	% of holding	Number of shares	% of holding
Palem Srikanth Reddy	8,920,607	22.85%	8,849,732	22.71%
Kotak Mahindra Trusteeship Services Limited	3,949,447	10.12%	3,949,447	10.14%

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

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

- The Company has established Four Soft Limited Employees Welfare Trust (the "Trust") to administer the ESOP Scheme and as at 31 March 2014 had issued 1,170,200 equity shares of ₹5 each. Pursuant to the ESOP Scheme the trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31 March 2014 the total shares held by the trust is Nil (2013: 143,987). Mode of settlement of these stock options is equity.
- The stock compensation amortization expenses during the year ended 31 March 2014 amounted to ₹69,988 (2013: ₹2,300,625) including a prior period expenditure of ₹Nil (2013: ₹188,295).



## Paired Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, unless otherwise stated)

(iii) Changes in number of shares representing stock options outstanding as at the year ended on 31 March 2014 were as follows:

	31 March 2014		31 March 2013	
	Number of shares	Weighted Average exercise price	Number of shares	Weighted Average exercise price
Outstanding at the beginning of the year	329,399	12.58	1,183,595	12.54
Granted during the year	-	-	144,108	8.11
Forfeited/cancelled during the year	-	-	86,259	21.05
Exercised during the year	77,226	10.00	100,000	5.00
Expired during the year	252,173	10.00	812,045	5.00
Outstanding at the end of the year	-	-	329,399	12.58
Exercisable at the end of the year	-	-	-	-

#### 4. Reserves and Surplus

	As at 31 March	
	2014	2013
<b>Securities premium account</b>		
Balance as per last financial statements	650,050,709	648,985,709
Additions during the year	1,239,477	1,065,000
<b>Closing balance</b>	<b>651,290,186</b>	<b>650,050,709</b>
<b>Capital reserve</b>		
Balance as per last financial statements	14,280,000	14,280,000
<b>Closing balance</b>	<b>14,280,000</b>	<b>14,280,000</b>
<b>Employee stock options outstanding</b>		
Balance as per last financial statements	2,431,651	2,609,329
Add: Gross compensation for options granted during the year	69,988	2,118,330
Less: Transferred to general reserve on account of stock options lapsed	(1,648,292)	(1,161,020)
Less: Transferred to securities premium account on exercise of stock options	(853,347)	(1,065,000)
Less: Deferred employee stock compensation	-	(69,988)
<b>Closing balance</b>	<b>-</b>	<b>2,431,651</b>
<b>General reserve</b>		
Balance as per last financial statements	3,759,234	2,598,214
Add: Transferred during the year from profit and loss account	127,116,827	1,161,020
Add: Transferred from employee stock options outstanding account	1,648,292	-
<b>Closing balance</b>	<b>132,524,353</b>	<b>3,759,234</b>
<b>(Deficit)/Surplus in statement of profit and loss</b>		
Balance as per last financial statements	51,007,657	63,424,246
Add: Net profit/(loss) during the year	1,271,606,895	(12,416,589)
Less: Transferred to general reserve	(127,116,827)	-
Less: Interim dividend on equity shares (amount per share ₹29 (2013: Nil))	(1,132,072,130)	-
Less: Dividend distribution tax on equity shares	(192,395,658)	-
<b>Closing balance</b>	<b>(128,970,063)</b>	<b>51,007,657</b>
<b>Total reserves and surplus</b>	<b>669,124,476</b>	<b>721,529,251</b>

**Palred Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**5. Long-term provisions**

	As at 31 March	
	2014	2013
Provision for gratuity	35,852	5,545,070
	<b>35,852</b>	<b>5,545,070</b>

**6. Deferred income taxes**

	As at 31 March	
	2014	2013
<b>Deferred tax liability</b>		
Fixed assets	439,263	10,972,439
<b>Deferred tax asset</b>		
Employee benefits	-	1,055,564
Accumulated losses	439,263	9,753,531
Provision for doubtful debts	-	163,344
<b>Net deferred tax</b>	<b>-</b>	<b>-</b>

**7. Trade payables**

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

**8. Other current liabilities**

	As at 31 March	
	2014	2013
Unearned income	-	13,201,271
Unpaid dividends*	2,504,763	268,159
Dues to a director	-	1,652,914
Dues to subsidiaries	-	55,609,561
<b>Other payables:</b>		
- Statutory dues	590,128	4,359,834
- Rent deposit	-	362,508
	<b>3,094,891</b>	<b>75,454,247</b>

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

**9. Short-term provisions**

	As at 31 March	
	2014	2013
<b>Provision for employee benefits:</b>		
- On gratuity	8,804	258,735
- On compensated absences	-	957,745
	<b>8,804</b>	<b>1,216,480</b>

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

**10. Tangible assets**

	Buildings	Computers	Office equipment	Furniture and fixture	Leasehold improvements	Total
<b>Gross block</b>						
As at 1 April 2012	30,594,644	54,664,718	31,227,728	14,537,747	3,652,713	134,677,550
Additions during the year	-	2,168,641	186,018	-	-	2,354,659
Disposals during the year	-	(3,217,348)	-	(194,442)	-	(3,411,790)
<b>As at 31 March 2013</b>	<b>30,594,644</b>	<b>53,616,011</b>	<b>31,413,746</b>	<b>14,343,305</b>	<b>3,652,713</b>	<b>133,620,419</b>
Additions during the year	-	2,567,580	676,061	3,945,186	-	7,188,827
Disposals on account of sale of business	(30,594,644)	(54,731,254)	(30,742,843)	(13,497,959)	(3,652,713)	(133,219,413)
<b>As at 31 March 2014</b>	<b>-</b>	<b>1,452,337</b>	<b>1,346,964</b>	<b>4,790,532</b>	<b>-</b>	<b>7,589,833</b>
<b>Accumulated depreciation</b>						
Up to 31 March 2012	10,974,887	49,500,223	15,738,204	10,078,726	3,554,733	89,846,773
Charge for the year	1,098,707	2,241,828	2,164,757	802,565	97,980	6,405,837
On disposals	-	(3,155,051)	-	(151,045)	-	(3,306,096)
<b>Up to 31 March 2013</b>	<b>12,073,594</b>	<b>48,587,000</b>	<b>17,902,961</b>	<b>10,730,246</b>	<b>3,652,713</b>	<b>92,946,514</b>
Charge for the year	520,010	1,197,789	971,869	604,549	-	3,294,217
Adjustment on account of sale of business	(12,593,604)	(49,264,274)	(18,364,060)	(10,439,434)	(3,652,713)	(94,314,085)
<b>Up to 31 March 2014</b>	<b>-</b>	<b>520,515</b>	<b>510,770</b>	<b>895,361</b>	<b>-</b>	<b>1,926,646</b>
<b>Net block</b>						
As at 31 March 2014	-	931,822	836,194	3,895,171	-	5,663,187
As at 31 March 2013	18,521,050	5,029,011	13,510,785	3,613,059	-	40,673,905

(a) Disposals during the year includes transfer of assets to Transport IT Solutions Private Limited as indicated in note 36.

(b) Depreciation for the year includes ₹2,931,816 (2013: ₹6,405,837) towards the depreciation charge attributable to the discontinued operations of the Company.

**Palred Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**11. Intangible assets**

	Computer Software	Internally developed software	Total
<b>Gross block</b>			
As at 1 April 2012	39,030,142	35,087,435	74,117,577
Additions	236,059	-	236,059
<b>As at 31 March 2013</b>	<b>39,266,201</b>	<b>35,087,435</b>	<b>74,353,636</b>
Additions	1,444,899	-	1,444,899
Disposals on account of sale of business	(39,266,201)	(35,087,435)	(74,353,636)
<b>As at 31 March 2014</b>	<b>1,444,899</b>	<b>-</b>	<b>1,444,899</b>
<b>Accumulated amortization</b>			
Up to 1 April 2012	35,089,231	1,754,372	36,843,603
Charge for the year	1,582,573	3,508,745	5,091,318
<b>Up to 31 March 2013</b>	<b>36,671,804</b>	<b>5,263,117</b>	<b>41,934,921</b>
Charge for the year	573,669	1,759,180	2,332,849
Adjustement on account of sale of business	(37,192,104)	(7,022,297)	(44,214,401)
<b>Up to 31 March 2014</b>	<b>53,369</b>	<b>-</b>	<b>53,369</b>
<b>Net block</b>			
<b>As at 31 March 2014</b>	<b>1,391,530</b>	<b>-</b>	<b>1,391,530</b>
As at 31 March 2013	2,594,397	29,824,318	32,418,715

(a) Disposals during the year includes transfer of assets as indicated in note 36.

(b) Amortisation for the year includes ₹2,279,479 (2013: ₹5,091,318) towards the amortisation charge attributable to the discontinued operations of the Company.

**12. Non current Investments**

	As at 31 March	
	2014	2013
<b>Trade investments (Unquoted)</b>		
<b>Investment in wholly owned subsidiaries (fully paid-up)</b>		
Nil (2013: 31) equity shares of US Dollar 0.01 each, in Four Soft USA, Inc., USA *	-	727,500
Nil (2013: 66,245) equity shares of Euro 1 each, in Four Soft B.V., Netherlands *	-	618,133,185
Nil (2013: 930,000) equity shares of Singapore Dollar 1 each, in Four Soft Singapore Pte. Ltd., Singapore *	-	38,435,758
Nil (2013: 70,000) Class A preference shares of Singapore Dollar 1 each, in Four Soft Singapore Pte. Ltd., Singapore *	-	3,988,362
<b>Aggregate amount of unquoted investments</b>	<b>-</b>	<b>661,284,805</b>

\* refer note 26

**Paired Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, unless otherwise stated)

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

	As at 31 March	
	2014	2013
<b>(Unsecured, considered good)</b>		
Capital advances	728,092	401,437
Advances tax (net of provision of tax amounting to ₹351,501,858 (2013: 13,780,923))	31,782,895	28,379,098
Security deposits	1,205,000	9,593,010
<b>Total long-term loans and advances</b>	<b>33,715,987</b>	<b>38,373,545</b>

**14. Inventories**

	As at 31 March	
	2014	2013
<b>Valued at lower of cost or net realisable value</b>		
Stock of traded goods	1,982,273	-
<b>Total inventories</b>	<b>1,982,273</b>	<b>-</b>

**15. Current Investments**

	As at 31 March	
	2014	2013
<b>Non-trade investments (at lower of cost or fair value)</b>		
<b>Investments in mutual funds (quoted)</b>		
Nil (2013: 114,404,411) units of Birla Sun Life Cash Plus	-	11,462,750
58,926 (2013: Nil) units of Axis Liquid Fund-Daily Dividend Reinvestment Plan	58,944,443	-
8,000,000 (2013: Nil) units of HDFC Mutual funds	83,240,800	-
8,000,000 (2013: Nil) units of Birla Sunlife Fixed Term Plan	83,177,600	-
23,401,233 (2013: Nil) units of IDFC Banking Debt Fund	235,980,379	-
9,879,255,728 (2013: Nil) units of IDFC Arbitrage Fund -Dividend Regular Plan	124,201,015	-
23,457,314 (2013: Nil) Sundaram flexible fund short term plan	235,790,577	-
<b>Aggregate market value of quoted investments (Market value ₹821,334,814)</b>	<b>821,334,814</b>	<b>11,462,750</b>
<b>Investment in wholly owned subsidiary (fully paid-up)</b>		
10,000,000 (2013: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625
<b>Aggregate amount of unquoted investments</b>	<b>2,625</b>	<b>2,625</b>
<b>Total current investments</b>	<b>821,337,439</b>	<b>11,465,375</b>

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

**16. Trade receivables**

	As at 31 March	
	2014	2013
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
-Considered good		39,505,593
-Considered doubtful		1,678,296
		<b>41,183,889</b>
Less: Provision for doubtful debts		1,678,296
	(A)	<b>39,505,593</b>
Other receivables (considered good)	(B)	1,182,192
<b>Total trade receivables, net</b>	<b>(A+B)</b>	<b>179,158,199</b>

**Paired Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**17. Cash and bank balances**

	As at 31 March	
	2014	2013
<b>Cash and cash equivalents</b>		
Cash on hand	87,819	11,305
Balances with banks in current accounts	2,176,670	29,714,680
Fixed deposits with original maturity of less than three months	149,436	-
<b>Total cash and cash equivalents (a)</b>	<b>2,413,925</b>	<b>29,725,985</b>
<b>Other bank balances:</b>		
Balance in unpaid dividend account (year: 2005-06)	173,898	173,898
Balance in unpaid dividend account (year: 2008-09)	94,211	94,261
Balance in unpaid dividend account (year: 2013-14)	2,236,654	-
Fixed deposits with original maturity of more than three months but less than twelve months	192,306	-
<b>Total other bank balances (b)</b>	<b>2,697,069</b>	<b>268,159</b>
<b>Total cash and bank balances (a)+(b)</b>	<b>5,110,994</b>	<b>29,994,144</b>

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

	As at 31 March	
	2014	2013
<b>Unsecured, considered good</b>		
Loans and advances to subsidiaries	-	34,345,577
Prepaid expenses	321,380	5,589,762
Service tax receivable	706,277	20,941,848
Value added tax receivable	125,039	119,259
Others	679,120	2,354,108
<b>Total short-term loans and advances, net</b>	<b>1,831,816</b>	<b>63,350,554</b>

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

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

	As at 31 March	
	2014	2013
<b>Outstanding balance</b>		
Four Soft BV	-	25,166,081
Four Soft Singapore Pte. Ltd.	-	7,254,854
Four Soft Netherlands B.V	-	454,040
Four Soft USA Inc	-	1,470,602
	-	<b>34,345,577</b>
<b>Maximum balance outstanding at any time during the year (including accrued interest)</b>		
Four Soft BV	26,339,102	25,166,081
Four Soft Singapore Pte. Ltd.	7,863,534	16,697,989
Four Soft Netherlands B.V	519,827	454,040
Four Soft USA Inc	1,774,473	1,470,602

**19. Other current assets**

	As at 31 March	
	2014	2013
<b>Unsecured, considered good</b>		
Unbilled revenue	-	13,122,580
Interest accrued on fixed deposits	77,550	55,250
	<b>77,550</b>	<b>13,177,830</b>

**Paired Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**20. Revenue from operations**

	For the year ended 31 March	
	2014	2013
Sale of licenses	30,238,441	21,953,459
Sale of services	135,522,820	275,166,843
Annual maintenance services	9,249,897	26,488,879
Sale of stock-in-trade	3,686,445	-
	<b>178,697,603</b>	<b>323,609,181</b>

**21. Other income**

	For the year ended 31 March	
	2014	2013
Dividend income from non-trade investments	34,383,242	1,682,736
Interest on fixed deposit	5,124,858	25,474
Interest on loan to subsidiaries	375,527	1,880,788
Foreign exchange gain, net	8,424,731	6,030,482
Miscellaneous income	1,242,713	7,810,721
Liabilities no longer required written back	90,332	643,477
	<b>49,641,403</b>	<b>18,073,678</b>

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

	For the year ended 31 March	
	2014	2013
Opening stock	-	-
Less: closing stock	(1,982,273)	-
	<b>(1,982,273)</b>	<b>-</b>

**23. Employee benefit expense**

	For the year ended 31 March	
	2014	2013
Salaries and wages	125,351,180	230,292,941
Contribution to provident and other funds	4,697,918	9,921,461
Gratuity and compensated absences	2,681,432	3,253,395
Employee stock compensation expenses	69,988	2,300,625
Staff welfare expenses	1,785,731	4,790,923
	<b>134,586,249</b>	<b>250,559,345</b>

**(a) Defined contribution plan**

During year ended 31 March 2014, the Company contributed ₹4,711,775 (2013: ₹9,800,770) to provident fund and ₹60,929 (2013: ₹120,691) towards employee state insurance fund.

**Paired Technologies Limited (formerly Four Soft Limited)**  
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**(b) Defined benefit plan**

The Company has a defined benefit gratuity plan. Every employee of the Company who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Pursuant to the sale of the business of the Company all the employees of the Company and the related closing defined benefit obligation of ₹7,501,807 has been transferred to the acquirer Company.

During the year, the Company has created a new plan for the employees recruited for the new business of the Company.

**24. Finance costs**

	For the year ended 31 March	
	2014	2013
Bank charges	428,027	486,799
	<b>428,027</b>	<b>486,799</b>

**25. Other expenses**

	For the year ended 31 March	
	2014	2013
Rent	5,697,344	14,434,157
Rates and taxes	639,685	922,921
Office maintenance	11,111,888	18,060,825
Implementation expenses	11,201,064	15,938,452
Advertisement and recruitment	330,109	721,174
Business promotion	1,030,042	1,462,451
Communication	2,234,995	3,822,656
Postage and courier	1,621,642	765,648
Insurance	906,761	2,053,664
Power and fuel	7,051,424	9,665,355
Travelling and conveyance	9,990,698	15,747,834
Legal and professional expenses	8,994,282	5,611,998
Provision for doubtful debts	-	503,448
Bad debts written off	11,342,000	-
Donations	500,000	163,180
Payments to auditor *	2,026,775	1,682,386
Service tax receivable written-off	3,268,699	-
	<b>77,947,408</b>	<b>91,556,149</b>

**\*Payments to auditor**

	For the year ended 31 March	
	2014	2013
<b>As auditor</b>		
-Statutory audit fees	1,550,000	1,550,000
-Other services	451,743	127,000
-Reimbursement of expenses	25,032	5,386
	<b>2,026,775</b>	<b>1,682,386</b>



**Paired Technologies Limited (formerly Four Soft Limited)****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**26. Exceptional Items**

	For the year ended 31 March	
	2014	2013
Profit on disposal of assets and liabilities of discontinuing operations (note 36)	1,029,388,662	-
Profit on sale of investments in subsidiaries	719,963,072	-
Transaction cost on sale of core business and subsidiaries	(147,870,354)	-
	<b>1,601,481,380</b>	<b>-</b>

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

**27. Contingent Liabilities**

	For the year ended 31 March	
	2014	2013
(a) Claims against company not acknowledged as debt *	97,158,305	113,480,599
(b) Corporate guarantees given on behalf of a subsidiary	-	358,633,092

\* Claims against the Company not acknowledged as debts include demand from the Income tax authorities for payment of additional tax amounting to ₹97,158,305 for the assessment years 2008-09, 2009-10 and 2010-11. The claims arose on account of transfer pricing adjustments. The matter for these assessment years are pending before the Income Tax Appellate Tribunal and Dispute Resolution Panel and based on the recent positive intimations received by the Company, the management believes that the ultimate outcome of this proceeding will not have an adverse effect on the Company's financial position and results of operations.

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

	For the year ended 31 March	
	2014	2013
Sale of licenses	29,637,235	6,161,639
Sale of services	124,707,772	307,987,243
Annual maintenance services	6,159,018	21,983,767
Sale of third party licenses (gross)	-	263,328
	<b>160,504,025</b>	<b>336,395,977</b>

**29. Unhedged foreign currency exposure**

	For the year ended 31 March	
	2014	2013
Trade and unbilled receivables	-	160,923,501
Loans and advances to subsidiaries	-	34,345,577
Due to subsidiaries	-	83,394,866

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

	For the year ended 31 March	
	2014	2013
Travelling and conveyance	-	4,999,085
Implementation expenses	8,887,990	13,612,825
Third party software	-	510,179
	<b>8,887,990</b>	<b>19,122,089</b>

## Palred Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, unless otherwise stated)

#### 31. Related party disclosures

Names of the related party	Country	Nature of relationship
Four Soft B.V. (up to 4 October 2013)	Netherlands	Wholly owned subsidiary (WOS)
Four Soft UK Ltd. (up to 4 October 2013)	United Kingdom	WOS of Four Soft BV
Four Soft Netherlands B.V. (up to 4 October 2013)	Netherlands	WOS of Four Soft BV
Four Soft Singapore Pte. Ltd. (up to 4 October 2013)	Singapore	WOS
Four Soft Japan KK (up to 4 October 2013)	Japan	WOS of Four Soft Singapore Pte. Ltd
Four Soft Australia Pty Ltd. (up to 4 October 2013)	Australia	WOS of Four Soft Singapore Pte. Ltd
Four Soft Nordic A/S (up to 4 October 2013)	Denmark	WOS of Four Soft BV
Four Soft Malaysia Sdn. Bhd.	Malaysia	WOS
Four Soft USA, Inc. (up to 4 October 2013)	USA	WOS of Four Soft BV
Four Soft Employee Welfare Trust	India	Controlling interest
Mr. Palem Srikanth Reddy		Key management personnel (KMP)
Mr. Biju S. Nair (up to 4 October 2013)		KMP
Sonata Information Technology Limited	India	Enterprises significantly influenced by KMP or their relatives.
Palpremium Online Media Pvt Ltd	India	Enterprises significantly influenced by KMP or their relatives.
Supriya Reddy		Wife of Chairman and Managing Director

The details of the related party transactions entered into by the Company during the year ended 31 March 2014 are as follows:

	For the year ended 31 March	
	2014	2013
<b>A. Subsidiaries</b>		
<b>Four Soft B.V.</b>		
(a) Interest on loan granted	192,557	1,336,726
(b) Loan repayment received	26,202,034	-
<b>Four Soft USA, Inc.</b>		
(a) Sales and services	83,960,130	221,661,027
<b>Four Soft UK Ltd.</b>		
(a) Reimbursable expenses (net)	253,237	(4,381,260)
(b) Sales and services	3,989,748	5,917,425
<b>Four Soft Netherlands B.V</b>		
(a) Sales and services	9,770,359	22,828,826
<b>Four Soft Singapore Pte. Ltd</b>		
(a) Sales and services	7,027,736	13,734,335
(b) Interest on loan granted	182,969	544,062
(c) Repayment of loan granted	6,524,407	8,200,000
(d) Interest repaid during the year	491,213	1,966,934
<b>Four Soft Japan KK</b>		
(a) Implementation expenses	8,887,990	13,612,812
<b>Four Soft Malaysia Sdn. Bhd.</b>		
(a) Liabilities no longer required written back	-	643,477
<b>Four Soft Nordic A/s</b>		
(a) Sales and services	9,753,422	19,459,238

## Palred Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, except otherwise stated)

	For the year ended 31 March	
	2014	2013
<b>B. Key management personnel</b>		
<b>Mr.Palem Srikanth Reddy</b>		
Remuneration	7,757,281	2,946,000
Incentives	2,039,209	-
Payment of interim dividend	258,688,903	-
<b>Mr.Biju S Nair</b>		
Remuneration, bonus and incentives	7,490,931	2,300,004
<b>Employee stock options</b>		
During the year the Company allotted 30,275 (2013:100,000) stock options to Mr.Biju S.Nair at an exercise price of ₹10 (2013: ₹5) each.		
<b>C. Relatives of KMP</b>		
<b>Supriya Reddy</b>		
Security deposit	1,200,000	-
Office rent	674,160	-
<b>D. Enterprises significantly influenced by key management personnel or their relatives</b>		
<b>Sonata Information Technology Limited</b>		
Purchase of third party license	-	1,635,026
Purchase of computer software	933,708	-
Capital advances	728,092	-
<b>E. PalPremium Online Media Private Limited</b>		
Professional services	245,000	530,817
	<b>As at 31 March</b>	
	<b>2014</b>	<b>2013</b>
<b>F. Balance outstanding</b>		
<b>Trade receivables</b>		
Four Soft Netherlands B.V.	-	22,868,690
Four Soft UK Ltd.	-	4,147,221
Four Soft USA, Inc.	-	81,481,642
Four Soft Singapore Pte. Ltd.	-	15,008,098
Four Soft Nordic A/s	-	21,473,403
Four Soft Japan KK	-	15,842,845
<b>Loans and advances</b>		
Four Soft B.V.	-	25,166,081
Four Soft Netherlands B.V.	-	454,040
Four Soft USA, Inc.	-	1,470,602
Four Soft Singapore Pte. Ltd.	-	7,254,853
Sonata Information Technology Limited	728,092	-
Supriya Reddy	1,200,000	-
<b>Current liabilities</b>		
Four Soft UK Ltd.	-	4,381,260
Four Soft USA, Inc.	-	55,333,727
Four Soft Singapore Pte. Ltd.	-	601,694
Four Soft Japan KK	-	22,834,403
Four Soft Australia Pty Ltd	-	243,782
Palem Srikanth Reddy	13,170	1,652,914
Supriya Reddy	74,160	-
Four Soft Employee Welfare Trust	-	36,877

## Palred Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, unless otherwise stated)

#### 36. Discontinuing operations

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

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

	31 March 2014	31 March 2013
<b>Revenue</b>		
Revenue from operations (net)	175,011,158	323,609,181
Other income	8,800,258	8,554,747
<b>Total revenue</b>	<b>183,811,416</b>	<b>332,163,928</b>
<b>Expenses</b>		
Employee benefits expense	119,919,950	247,613,345
Finance cost	303,383	486,799
Depreciation and amortization expenses	5,211,295	11,497,155
Other expenses	63,498,860	89,873,763
<b>Total expenses</b>	<b>188,933,488</b>	<b>349,471,062</b>
<b>Loss before tax</b>	<b>(5,122,072)</b>	<b>(17,307,134)</b>
Tax expenses of discontinuing operations	-	-
<b>Operating loss from discontinuing operations after tax</b>	<b>(5,122,072)</b>	<b>(17,307,134)</b>
Profit on disposal of net assets of discontinued operations (see 36 (d))	1,029,388,662	-
<b>Total profit/(loss) for the year from discontinued operations</b>	<b>1,024,266,590</b>	<b>(17,307,134)</b>

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

	4 October 2013	31 March 2013
Operating activities	48,765,000	12,641,843
Investing activities	(40,087,000)	(12,968,072)
Financing activities	386,000	500,000
<b>Net cash inflows</b>	<b>9,064,000</b>	<b>173,771</b>

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

	4 October 2013	31 March 2013
Tangible and intangible assets	69,044,562	73,092,620
Current assets	113,315,137	135,952,394
Current liabilities	76,455,883	152,628,765
Net worth	105,903,816	-
Total consideration received	1,135,292,478	-
<b>Profit on disposal of assets and liabilities of discontinued operations *</b>	<b>1,029,388,662</b>	<b>-</b>

\* Tax on profit on disposal of assets and liabilities of discontinued operations amounted to ₹198,734,416 included in current tax.

## Palred Technologies Limited (formerly Four Soft Limited)

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

(All amounts in ₹, except otherwise stated)

#### 32. Value of imports calculated on CIF basis

During the year ended 31 March 2014 the Company has imported capital goods amounting to ₹270,930 (2013: ₹1,021,279).

#### 33. Research and development

During the year ended 31 March 2014 the Company has incurred expenses amounting to ₹Nil (2013: ₹54,098,117) towards research and development included under various heads of expenses.

#### 34. Acquisition of business

The Board at its meeting held on 8 January 2014 approved the acquisition of business from "Premium Web Services Private Limited" for a purchase consideration of ₹2,932,969 and a contingent consideration based on a future earn-out plan, the terms of which are listed below:

- The total period for the transaction shall be 5 years i.e April 2014 to March 2019 (also called as "Transaction term").
- The valuation period for calculation of assets and stock of the e-Commerce division shall be 3 years.
- If the valuation of e-Commerce division reaches 25 crores, the transferee will be paid ₹25 crores and the earn-out model shall cease to exist.
- 50% of the value of shares allotted to the transferee cannot exceed 10% of paid-up share capital of the Company at the time of allotment.
- Share price shall be the price as per the date of agreement or price as per the SEBI guidelines on the date of the allotment, whichever is higher.
- The valuation should be the higher of below :
  - a)  $(60\% \text{ of gross margin} \times 2) + (40\% \text{ of PBDT} \times 8)$
  - b) Net asset value

#### 35. Mergers

The Board of Directors at its meeting held on 24 January 2014, approved the draft composite scheme of arrangement for the merger of 'Palred Media And Entertainment Private Limited' and 'Pal Premium Online Media Private Limited' with Palred Technologies Limited with effect from 30 November 2013 and is in the process of obtaining requisite regulatory approvals. The net value of assets and liabilities as on the effective date to be merged are mentioned below:

Particulars	Palred Media And Entertainment Private Limited	Pal Premium Online Media Private Limited
Assets	43,027,428	1,118,807
Liabilities	835,075	118,807
Purchase consideration (in the form of equity shares)	5,418,800	3,700,000

## **Palred Technologies Limited (formerly Four Soft Limited)**

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

(All amounts in ₹, except otherwise stated)

#### **37. Capital reduction and consolidation of shares**

Subject to requisite regulatory approvals, the shareholders at its Annual General Meeting held on 27 November 2013 approved 50% reduction in the issued, subscribed and paid-up share capital of the Company. Upon the above extinguishment, the issued, subscribed and paid-up share capital of the Company amounting to ₹195,181,850 divided into 39,036,970 equity shares shall be reduced to ₹97,592,425 divided into 19,518,485 equity shares and the shareholders of the Company shall be paid a sum of ₹29 per share cancelled.

Further, the equity share capital of the Company of ₹97,590,925 divided into 19,518,185 equity shares of ₹5 each shall be consolidated into the equity share capital of ₹97,590,925 divided into 9,759,093 equity shares of ₹10 each.

#### **38. Segment reporting**

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

#### **39. Previous year comparatives**

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

#### **40. Additional information**

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

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

For **Walker Chandiook & Co LLP**  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per **Sanjay Kumar Jain**  
Partner

Place: Hyderabad  
Date: 30 May 2014

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

**Palem Srikanth Reddy**  
Chairman and Managing Director

**Haritha Varanasi**  
Company Secretary

Place: Hyderabad  
Date: 30 May 2014

**Mohan Krishna Reddy**  
Director

**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 No.12, Banjara Hills,  
Hyderabad- 500034

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

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

1. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : ....., or failing him
2. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : ....., or failing him
3. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15<sup>th</sup> Annual General Meeting of the company, to be held on Monday, 29<sup>th</sup> day of September, 2014 at 10.00 a.m. at the registered office of the Company at Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad, Telangana- 500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution Nos.**

1. Approval of financial statements and the reports thereon for the year ended 31.03.2014.
2. Appointment of statutory auditors and fixation of their remuneration.
3. Appointment of Ms. Amala Mudhapuram as Independent Director.
4. Appointment of Mr. E. Srinivas Prasad as Independent Director.
5. Appointment of Mr. A. Mohan Krishna Reddy as Independent Director.
6. Appointment of Dr. T.R. Sivarama Krishnan as Independent Director.
7. To enter into a lease agreement with Mrs. Palem Supriya Reddy, who is a related party, for leasing the premises for office use.

Signed this ..... day of..... 2014

Signature of shareholder

Signature of Proxy holder(s)



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

# PALRED TECHNOLOGIES LIMITED

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

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## ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 15<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 29<sup>th</sup> day of September, 2014 at 10.00 a.m. at registered office of the Company, Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad-500034.

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.

**Note:** Please read the instructions printed under the Note no. 8 to the Notice dated 01<sup>st</sup> September, 2014 of the 15<sup>th</sup> Annual General Meeting.



BOOK-POST  
PRINTED MATTER

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