



Palred Technologies Limited

Annual Report 2016 - 2017



CORPORATE INFORMATION

BOARD OF DIRECTORS:

| | |
|--------------------------|--|
| Mr. Palem Srikanth Reddy | Chairman & Managing Director (DIN: 00025889) |
| Mr. S. Vijaya Saradhi | Independent Director (DIN: 00141961) |
| Mr. Atul Sharma | Independent Director (DIN: 07185499) |
| Mrs. Richa Patnaik | Independent Director (DIN: 07274527) |

REGISTERED OFFICE:

Palred Technologies Limited
 Plot No. 2, 8-2-703/2/B, Road No.12, Banjara Hills,
 Hyderabad- 500034, Telangana, India.
CIN: L72200AP1999PLC033131

STATUTORY AUDITORS:

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

INTERNAL AUDITOR:

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

SECRETARIAL AUDITOR:

M/s. S.S. Reddy & Associates
 Practicing Company Secretaries, Plot No.6-3-354/13, A1,
 Suryateja Apartments, Hindi Nagar, Panjagutta, Hyderabad-500034

BANKERS:

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

AUDIT COMMITTEE:

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

NOMINATION & REMUNERATION COMMITTEE:

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

STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

RISK MANAGEMENT COMMITTEE:

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

REGISTRAR & SHARE TRANSFER AGENTS:

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

LISTED AT:

National Stock Exchange of India Limited
 Bombay Stock Exchange Limited

DEMAT ISIN NUMBER IN NSDL & CDSL:

INE218G01033

WEBSITE:

www.palred.com

INVESTOR E-MAIL ID:

company@palred.com



Chairman speech

Dear Shareholders,

I take pleasure in presenting the Eighteenth Annual Report of your Company. I use this opportunity to present the financial performance of the Company in the year and what we see for the future. After the sale of business in October 2013, the Company has invested into Palred Online Technologies Private Limited which owns and operates www.LatestOne.com and Palred Technology Services Private Limited, a Software Solutions Company focused on e-commerce solutions.

LatestOne.com launched in October 2014 is India's only e-tailer specialized in tech and mobile accessories such as Bluetooth devices, mobile covers, tablet accessories, cables, power banks, Android TVs, headsets, smart watches, CCTV's etc. It stocks over 10,000 different products in its inventory and operates through its own fulfillment centers in Delhi and Mumbai. It attracts more than 1,25,000 visitors per day and has already served more than 1.5 million unique customers.

LatestOne.com has emerged as No.1 etailer for Tech & Mobile Accessories in 2 years since its launch. By combination of superior technology, fulfillment centers and digital marketing skills LatestOne.com has scaled up from 100 orders per day to almost 5,000 orders in a day. LatestOne.com has reduced its losses by 60% while revenue has grown by 8%. It was also direct cost profitable for full financial year.

Ecommerce industry faced several challenges last year. Even in these difficult situations we have been able to raise funding from prominent existing and new investors. We will use funding for international expansion and to introduce more product categories.

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

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

Thank you

Palem Srikanth Reddy
Chairman and Managing Director

Notice to the 18th Annual General Meeting

NOTICE

Notice is hereby given that the 18th Annual General Meeting of members of Palred Technologies Limited will be held on Thursday, the 28th day of September, 2017 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H. No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors ('the Board') and Auditors thereon.
2. To ratify the appointment of M/s. Walker Chandiok & Co LLP, as Statutory Auditors and to fix their remuneration and for the purpose to consider and if, thought fit, to pass with or without modification(s), the following Ordinary Resolution thereof

“**RESOLVED THAT** pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 and rules made there under as amended from time to time, pursuant to recommendation of Audit Committee, and pursuant to the resolution passed by the Members at the Annual General Meeting (AGM) held on September 30, 2016, the appointment of M/s. Walker Chandiok & Co LLP, Hyderabad (Firm Registration No: 001076N/N500013) as Statutory Auditors of the Company to hold office till the conclusion of the AGM to be held in the year 2019 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018 as may be determined by the Audit Committee in consultation with the Auditor from time to time.”

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director

(DIN: 00025889)

Place: Hyderabad

Date : 04.09.2017

NOTES:
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2017 to 28.09.2017 (Both days inclusive).
3. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
4. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
5. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
7. Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
8. The Securities and Exchange Board of India issued a circular for submission of Aadhar number by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit Aadhar card details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their Aadhar card details to the Company/ Registrar and Share Transfer Agents (M/s. Karvy Computershare Private Limited.)
9. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.

10. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Karvy Computershare Private Limited., Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/ RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Electronic copy of the Annual Report for 2016-2017 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-2017 is being sent in the permitted mode.
15. Members may also note that the Notice of the 18th Annual General Meeting and the Annual Report for 2016-2017 will also be available on the Company's website www.palred.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: company@palred.com.
16. **Voting through Electronic Means (E-Voting Facility)**
 In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by M/s. Karvy Computershare Private Limited ("Karvy").

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

The remote e-voting period commences on September 25, 2017 (09.00 am) to September 27, 2017 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 21, 2017, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.

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

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

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

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

17. Procedure and instructions for e-voting

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

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

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

- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach Password Change Menu wherein they are required to mandatorily change their password. The new password shall comprise

of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. After changing password, you need to login again with the new credentials.
 - vi. On successful login, the system will prompt to select the "Event" i.e. Palred Technologies Limited.
 - vii. On the voting page, enter the number of shares (which represents number of votes) as on the cut-off date under "FOR/AGAINST/ABSTAIN" against the resolution or alternatively you may partially enter any number in "FOR", partially in "AGAINST" and partially in "ABSTAIN" but the total number in "FOR/AGAINST/ABSTAIN" taken together should not exceed your total shareholding.
 - viii. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution.
 - ix. Corporate/Institutional Members (corporate / Fls/Flls/Trust/Mutual Funds/Company's, etc) are additionally required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with the attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: ssrcfs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name Event No."
- B. In case of Members receiving the Notice by post:**
- 1. Please use the User ID and initial password as provided above.
 - 2. Please follow all steps from Sr. No. (i) to (ix) as mentioned in (A) above, to cast your vote.
- C.** The e- voting period commences on 25th of September, 2017 at 09.00 A.M and ends on 27th of September, 2017 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQs section of Karvy e-voting website.
- D.** Once the vote on the resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.

- E. Mr. Sarveswar Reddy, Practising Company Secretary (C.P No.7478) has been appointed as Scrutinizer for conducting the e-voting process in accordance with law. The Scrutinizer's decision on the validity of e-voting shall be final. The e-mail ID of the Scrutinizer is ssrfcs@gmail.com.
- F. The Scrutinizer shall, on the date of the AGM, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, and submit it to the Chairman.
- G. The result of voting will be announced by the Chairman of the AGM at or after the AGM to be held on 28.09.2017 and the resolution will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolution.
- H. The result of the voting along with the Scrutinizer's Report will be communicated to the stock exchanges and will also be hosted on the website of the Company (www.palred.com) and on Karvy's website (<https://evoting.karvy.com>) within 48 hours of completion of voting.
- I. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders / beneficial owners as on 21.09.2017. Shareholders holding shares either in physical form or dematerialized form may cast their vote electronically.
- J. Shareholders / proxies may also vote at the venue of the meeting physically by using the ballot papers that will be provided at the venue. Shareholders / proxies who have cast their votes through e-voting will not be allowed to cast their votes physically at the venue of the AGM.
- K. In case of any grievances connected with the voting by electronic means, shareholders are requested to contact Mr. P. Nageswara Rao, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail : einward.ris@karvy.com, Phone : 040-67162222.
- L. Members who have acquired shares after the dispatch of the Notice and before the Cut-off date may obtain the user ID by approaching Mr. B.V. Kishore, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail: einward.ris@karvy.com, Phone: 040-67162222, for issuance of the user ID and password for exercising their right to vote by electronic means.
- M. In terms of Companies Act, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, in the year 2016-17, the Company would be transferring the unclaimed or unpaid Final Dividend for the year 2009-2010 to the IEPF within a period of thirty days of such amounts becoming due. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.
18. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 21st September, 2017.
19. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
20. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.
21. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

For and on behalf of the Board of
Palred Technologies Limited

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place: Hyderabad
Date : 04.09.2017

DIRECTOR'S REPORT

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

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Palred') along with the audited "Financial statement for the "Fiscal Year ended March 31, 2017. The Consolidated performance of the Company and its subsidiaries has been referred to where required.

1. FINANCIAL SUMMARY/HIGHLIGHTS:

The performance during the period ended 31st March, 2017 has been as under: (Amount in Rs.)

| Particulars | Standalone | | Consolidated | |
|---|-------------------|------------------|--------------------|--------------------|
| | 2016-2017 | 2015-2016 | 2016-2017 | 2015-2016 |
| Turnover/Income (Gross) | 11785514 | 22000194 | 427491001 | 412523247 |
| Loss before Finance charges, Depreciation, Taxation and Exceptional item | (12293075) | (6137979) | (106159069) | (205192021) |
| Less: Finance charges (excluding amount capitalized) | 0 | 0 | 0 | 3787110 |
| Loss before Depreciation, Taxation and Exceptional item | (12293075) | (6137979) | (106159069) | (208979131) |
| Less : Depreciation | 2095753 | 2649171 | 7574412 | 5755852 |
| Loss before Taxation and Exceptional item | (14388828) | (8787148) | (113733481) | (214734983) |
| Less: Exceptional item | 7791886 | 0 | 7791886 | 0 |
| Loss before Tax | (22180714) | (8787148) | (121525367) | (214734983) |
| Less : Current tax | 0 | 1094224 | 0 | 1094224 |
| Less: Deferred Tax benefits | 0 | 0 | 0 | (113993) |
| Less : Taxes of earlier years | 7457083 | 0 | 7457083 | 0 |
| Loss after Tax | (29637797) | (9881372) | (128982450) | (215715214) |

2. REVIEW OF OPERATIONS:

Revenues – standalone

During the year under review, the Company has recorded an income of Rs. 11785514 and loss of Rs. 29637797 as against the income of Rs. 22000194 and loss of Rs. 9881372 in the previous financial year ending 31.03.2016.

Revenues – Consolidated

During the year under review, the Company has recorded an income of Rs. 427491001/- and loss of Rs. 128982450/- as against the income of Rs. 412523247/- and loss of Rs. 215715214/- in the previous financial year ending 31.03.2016. It has reduced its losses significantly by 40%.

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

3. EMPLOYEE STOCK OPTION SCHEME

Details of the options up to March 31, 2017 are set out in the Annexure-A to this report, as required under clause 12 of the Securities and Exchange Board of India Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

4. CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the provisions of the Companies Act, 2013 and the Accounting Standards AS-21 and AS-27 on consolidated financial statements, your Directors have provided the consolidated financial statements for the financial year ended March 31, 2017 which forms part of the Annual Report.

5. BOARD MEETINGS

During the year 2016-17, six Board meetings were held, the details of which are given in the Corporate Governance Report.

6. BOARD EVALUATION

In accordance with the provisions of Section 134 of the Act and Regulation 17 of the Listing Regulations, the Board has carried out evaluation of its own performance, the performance of committees of the Board, namely, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee and also the directors individually.

The manner in which the evaluation was carried out and the process adopted has been mentioned in the Corporate Governance Report.

7. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

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

8. DEPOSITS FROM PUBLIC:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

9. TRANSFER TO RESERVES:

Directors have decided not to transfer any amount to reserves for the year.

10. DIVIDEND:

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

11. REVISION OF FINANCIAL STATEMENTS:

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

12. BRANDING:

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

13. MANAGEMENT DISCUSSION AND ANALYSIS:

In terms of the provisions of Regulations 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015, the Management's Discussion and Analysis is set out in this Annual report.

Strategy:

Our Strategic objective is to build multiple verticals in E-Commerce and IT and IT related business and obtain sustainable growth. The Key word for the year has been "PERSEVERENCE" and this has been applied to everything we do.

Information about the Financial Performance / Financial Position of the Subsidiaries / Associates/ Joint Ventures

The new domains of Business which have gained momentum during the year are e-commerce and IT solutions for E-commerce.

At the beginning of the year we had two direct subsidiaries –

- a) Palred Online Technologies Private Limited and
- b) Palred Technology Services Private Limited.

At the beginning of the year we had two steps down Subsidiaries

- a) Palred Technology Services USA – subsidiary of Palred Technology Services Private Limited and
- b) Palred Online Bilism Teknojilieri Ticaret Anonim Sirketi, Turkey, Istanbul – subsidiary of Palred Online Technologies Private Limited.

Palred Online Technologies Private Limited:

Palred Online Technologies Private Limited owns and

operates e-commerce portal, Latestone.com, India's only e-tailer specialized in tech and mobile accessories such as Bluetooth devices, mobile covers, tablet accessories, cables, power banks, Android TVs, headsets, smart watches or CCTV's, it stocks over 10,000 different products in its inventory and operates through its own Fulfillment centers in Delhi and Mumbai.

During the year the company has continued its growth and has declared growth of 8% in Net Revenue on a year on year basis. While showing the growth the Company has significantly reduced its losses by 60%. In a very short span of time, LatestOne.com has reached a milestone by achieving an average of 4000 orders per day, from an average of 100 orders per day in the beginning. The website receives over 3.5 Million visitors in a month and till date has successfully shipped / delivered more than 2.5 million orders since the commencement of its operations.

The market size of Tech & Mobile accessories market in India is estimated at Rs. 20,000 crores by Value, It is the fastest growing product range in the online category and the Market is expected to grow 20-25% year-on-year for the next 3 years.

The Company also plans to increase revenue by expanding product categories, selling quality products and creating long term goodwill, and set up fulfillment centers, to provide quicker delivery of products sourced locally.

The Company is also planning to launch its ecommerce portal in International Markets.

Palred Technology Services Private Limited.

Palred Technology Services Private Limited is the IT vertical of Palred. It provides IT solutions to access relevant data, provided in a timely and cost-effective manner, development of software program for ecommerce portal latestone.com. PTS has also sold its proprietary ecommerce solutions to companies like Health & Glow, Lorna Jane, Australia & TVS Group, India.

During the year, the Board of Directors (the Board) reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company, which forms part of this Annual Report.

Highlights of performance of subsidiary companies and their contribution to the overall performance of the company during the period under report have been indicated in the Boards' Report, wherever required. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-I is appended as Annexure B to the this report. The statement provides the details of performance and financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements are available on our website, www.palred.com.

14. RISK MANAGEMENT POLICY:

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for

assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

15. DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013:

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

16. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.

17. DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.

18. DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014.

19. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS, COURTS, TRIBUNALS, IMPACTING THE GOING CONCERN BASIS OF THE COMPANY:

There were no significant material orders passed by regulators, courts, tribunals, impacting the going concern basis of the Company.

20. CORPORATE GOVERNANCE:

A Separate section titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as Annexure-H to this report.

21. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management discussion and analysis report for the year under review as stipulated under Regulation 4(3) read with schedule V , Part B of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 with the stock exchange in India is presented in a separate section forming as Annexure-J to this report.

22. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Palem Srikanth Reddy is the Chairman and Managing Director of the Company. Mrs. Richa Patnaik, Mr. Atul

Sharma and Mr. S. Vijaya Saradhi are the Independent Directors on Board of Palred and N.Archana Sastry has resigned from the post of company secretary w.e.f.31.03.2017.

23. COMMITTEES OF THE BOARD:

Currently the Board has 4 committees: the Audit Committee, the Nomination and Remuneration Committee, the Stakeholder Relationship Committee and the Risk Management Committee. A detailed note on composition of the Board and its committees is provided in the Corporate Governance Section of the Annual Report.

24. EXTRACT OF ANNUAL RETURN:

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

25. AUTHORISED AND PAID UP CAPITAL OF THE COMPANY:

The authorized capital of the Company stands at Rs. 350000000/- divided into 28038800 equity shares of Rs.10/- each and 696120, 14% redeemable optionally convertible cumulative preference shares of Rs. 100/- each. The company's paid up capital is Rs.82130830/- divided into 8213083 equity shares of Rs. 10/- each.

26. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received declarations from Mr. S. Vijaya Saradhi, Mr. Atul Sharma and Ms. Richa Patnaik, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (7) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The prescribed declarations are appended as Annexure-I to this report.

27. DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

28. VIGIL MECHANISM:

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

29. STATUTORY AUDITORS:

The existing auditors M/s. Walker Chandio & Co. LLP, who were appointed as Statutory Auditors of the Company in the Annual General Meeting of the Company held on September 30, 2016 to hold office till the conclusion of the AGM to be held in the year 2019 subject to ratification at every Annual General Meeting held in between. Accordingly, the ratification of appointment of M/s. Walker Chandio & Co. LLP, as statutory auditors of the Company, is placed before the shareholders for approval. The Auditors' Report for fiscal 2017 does not contain any qualification, reservation or adverse remark.

The Auditors' Report is enclosed with the financial statements in this Annual Report.

30. INTERNAL AUDITORS:

Pursuant to section 138 of the Companies Act, 2013 and rules made thereunder, M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad, were appointed as Internal Auditors of the Company to conduct internal audit of the functions and activities of the company.

The Board has re-appointed M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad, as Internal Auditors for the Financial Year 2017-2018

31. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. S. S. Reddy & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit carried out is annexed herewith as Annexure-F to this report.

The Board at its meeting held on May 26, 2017, has reappointed M/s. S. S. Reddy & Associates, Practicing Company Secretaries, as Secretarial Auditor, for conducting Secretarial Audit of the Company for FY 2017-18.

32. AUDIT REPORTS:

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2017 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges that may occur in the industry.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit

Report on the Compliances according to the provisions of section 204 of the Companies Act 2013 and after the sale of business, the Company does not have any operating business yet and is still in the process of appointing right candidate as CFO.

33. GOODS AND SERVICES TAX (GST)

The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market.

The transition to GST scenario is a major change process and the Company has established a dedicated team to evaluate the impact analysis and carry out changes to the business process & e-commerce industry as per the GST framework.

34. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from 01st April, 2017. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

35. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors' certificate on corporate governance is enclosed as Annexure-G to this report. The auditors' certificate for the financial year 2016-2017 does not contain any qualification, reservation or adverse remark.

36. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per Sec.134 (3) (m) of the Companies Act 2013 is provided hereunder and Rule 8 of Companies (Accounts) Rules, 2014:

A. Conservation of Energy:

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

B. Technology Absorption:

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

C. Foreign Exchange Earnings and Out Go:

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

37. CORPORATE SOCIAL RESPONSIBILITY POLICY:

Since your Company does not have net worth of Rs. 500 Crore or more or turnover of Rs. 1000 Crore or more or a net profit of Rs. 5 Crore or more during the financial year, section

135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

38. SECRETARIAL STANDARDS:

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

39. INSURANCE:

The properties and assets of your Company are adequately insured.

40. PARTICULARS OF LOANS, GUARANTEES:

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

41. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal control systems, which commensurate with its size, nature of business and complexity of its operations and are designed to provide a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguard for assets, internal control over financial reporting, and compliance with applicable laws and regulations. Internal audit function evaluates the adequacy of and compliance with policies, plans, regulatory and statutory requirements.

The Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. It also evaluates and suggests improvement in effectiveness of risk management, controls and governance process. The Audit committee and Board provides necessary oversight and directions to the Internal audit function and periodically reviews the findings and ensures corrective measures are taken.

42. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Particulars of Contracts or Arrangements with related Parties: Particulars of Contracts or arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013, in the Prescribed Form AOC-2, is appended as Annexure-C to this report.

43. DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable for the financial year 2016-17.

44. EMPLOYEE RELATIONS:

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

The ratio of remuneration of each director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure-D to this report.

None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013.

45. RATIO OF REMUNERATION TO EACH DIRECTOR:

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

46. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

47. INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

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

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

49. APPRECIATION & ACKNOWLEDGEMENT:

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

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

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

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place : Hyderabad
Date : 04.09.2017

Annexures-A to the Directors' Report

Pursuant to the provisions of Securities and Exchange Board of India Regulation 14 of SEBI (Share based Employee Benefits) Regulations, 2014 as amended and the provisions of the Companies Act 2013 the details of stock options as on March 31, 2017 under company's Employee Stock Option Schemes are as under:

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

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY:

As provided under clause 17 (5) (a) of the SEBI (LODR) Regulation 2015 all Board Members and the Senior Management personnel have confirmed compliance with the Business Ethics and Code of Conduct for the year ended on March 31, 2017.

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

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place : Hyderabad

Date : 04.09.2017

Annexures-B to the Directors' Report

Form AOC-I

Statement Containing the salient features of the financial statements of subsidiaries (As on March 31, 2017).
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

(Rs. In Lakhs)

| Sl. No. | Name of the subsidiary | Share capital | Reserves & surplus | Total assets | Total Liabilities (Excluding Share Capital, Reserves and Surplus) | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | % of share-holding |
|---------|--|---------------|--------------------|--------------|---|-------------|----------|------------------------|------------------------|-----------------------|--------------------|
| 1. | Palred Online Technologies Private Limited | 3137.61 | (2869.70) | 893.00 | 625.09 | 0 | 4106.73 | (878.52) | 0 | (878.52) | 81.49% |
| 2. | Palred Technology Services Private Limited | 601 | (211.41) | 399.08 | 9.49 | 131.90 | 40 | (113.22) | 0 | (113.22) | 100% |

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

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place : Hyderabad
Date : 04.09.2017

Annexures-C to the Directors' Report

Form No. AOC-2

Particulars of contracts/arrangements made with related parties

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

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

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

| Name(s) of the related party | Nature of relationship | Duration of the contracts | Salient terms | Date(s) of approval by the Board, if any: | Amount |
|---|------------------------|---------------------------|---------------|---|---------------|
| Investment in Equity | | | | | |
| 1. Palred Online Technologies Private Limited | Subsidiary Company | Running contract | Refer Note 1 | Refer Note 1 | Rs. 10 Crores |
| 2. Palred Technology Services Private Limited | Subsidiary Company | Running contract | Nil | Nil | Nil |

Notes:

1) The Board of Directors of Palred Technologies Limited have at the Board Meeting held on April 10, 2017 approved investment of Rs. 10 Crores in Palred Online Technologies Limited Private Limited at Rs. 62.23/-/- per share (Face Value Of Rs. 10/- per share at a premium of Rs. 52.23/- per Equity Share) .

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

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place : Hyderabad
Date : 04.09.2017

Annexures-D to the Directors' Report

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

During the financial year ended 31 March 2014, Company had transferred its transportation and logistics software business and Board and the management of the Company are presently evaluating multiple business options.

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

Remuneration paid to Whole Time Directors

| Name of Director | DIN | Title | Remuneration in Fiscal 2017 | Remuneration in Fiscal 2016 | % increase | Ratio of the remuneration of director to the median remuneration of the employees of the company for the financial year 2016-2017 | Percentage increase in the median remuneration of employees in the financial year |
|----------------------|----------|--------------------------------|-----------------------------|-----------------------------|------------|---|---|
| Palem Srikanth Reddy | 00025889 | Chairman and Managing Director | 30,00,000 | 30,00,000 | Nil | 3:1 | Nil |

Remuneration Paid to Independent Directors in Financial Year 2016-2017 - Nil

The Independent Directors are entitled to sitting fees of Rs. 5000/- per Board Meeting for attending Board Meetings.

Percentage increase in remuneration of each Director and Company Secretary in the financial year 2016-2017 – Nil

Percentage increase in the median remuneration of employees in the financial year 2016-2017- Nil

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

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

Sd/-

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

Place : Hyderabad

Date : 04.09.2017

Annexures-E to the Directors' Report
MGT 9
Extract of Annual Return

As on the Financial Year 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i. | CIN | L72200AP1999PLC033131 |
| ii. | Registration Date | 24-12-1999 |
| iii. | Name of the Company | Palred Technologies Limited |
| iv. | Category / Sub-Category of the Company | Company limited by shares/ Non-Government Company |
| v. | Address of the Registered office and contact details | H.No. 8-2-703/2/B, Plot.No.2, Road.No.12, Banjara Hills, Hyderabad, Telangana -500034 |
| vi. | Whether listed company Yes / No | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone Number : 040-67162222, 67161526, Fax: 040-23001153 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products /services | NIC Code of the Product / service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | | | |
| 2 | | | |

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

| S. No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary /Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|-------------------------------|------------------|--------------------|
| 1. | Palred Technology Services Private Limited | U72200TG2015PTC097189 | Subsidiary Company | 100.00% | 2(87) |
| 2. | Palred Online Technologies Private Limited | U22222TG2011PTC073292 | Subsidiary Company | 81.49% | 2(87) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:-

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change during the year |
|----------------------------|---|-----------|----------------|-------------------|---|-----------|----------------|-------------------|-------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individual/ HUF | 7310781 | -- | 7310781 | 44.51 | 3677343 | -- | 3677343 | 44.77 | -0.27 |
| Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| State Govt (s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bodies Corp. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Any Other.... | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub-total(A) (1) :- | 7310781 | -- | 7310781 | 44.51 | 3677343 | -- | 3677343 | 44.77 | -0.27 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change during the year |
|--|---|--------------|----------------|-------------------|---|--------------|----------------|-------------------|-------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) NRIs -Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Other – Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) Bodies Corp. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Any Other.... | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub-total(A) (2):- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total shareholding of Promoter (A) =(A)(1)+(A)(2) | 7310781 | -- | 7310781 | 44.51 | 3677343 | -- | 3677343 | 44.77 | -0.27 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Banks / FI | 120 | -- | 120 | 0.00 | 60 | -- | 60 | 0.00 | 0.00 |
| c) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| f) Insurance Companies | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| g) FIIs | 815758 | 0 | 815758 | 4.97 | 459631 | 0 | 459631 | 5.60 | -0.63 |
| h) Foreign Venture Capital Fund | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| i) Others (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub Total | 815878 | 0 | 815878 | 4.97 | 459691 | 0 | 459691 | 5.60 | -0.63 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | 874883 | 0 | 874883 | 5.33 | 504514 | 0 | 504514 | 6.14 | -0.82 |
| i) Indian | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| ii) Overseas | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 3953671 | 15307 | 3968978 | 24.16 | 1940293 | 6422 | 1946715 | 23.70 | 0.46 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 2091794 | 0 | 2091794 | 12.73 | 1005159 | 0 | 1005159 | 12.24 | 0.50 |
| c) Others (specify) 1. NRI | 127779 | 0 | 127779 | 0.78 | 51137 | 0 | 51137 | 0.62 | 0.16 |
| Clearing Member | 16422 | 0 | 16422 | 0.10 | 7728 | 0 | 7728 | 0.09 | 0.01 |
| Foreign Bodies | 433896 | 0 | 433896 | 2.64 | 216948 | 0 | 216948 | 2.64 | 0.00 |
| Foreign National | 614391 | 6905 | 621296 | 3.78 | 307195 | 3452 | 310647 | 3.78 | 0.00 |
| Corporate Body- others | 0 | 0 | 0 | 0.00 | 740 | 0 | 740 | 0.01 | -0.01 |
| NBFC | 163560 | 0 | 163560 | 1.00 | 0 | 0 | 0 | 0.00 | 1.00 |
| trust | 80 | 820 | 900 | 0.01 | 573 | 458 | 1031 | 0.01 | -0.01 |
| Sub-total (B)(2):- | | | | | | | | | |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 8276476 | 23032 | 8299508 | 50.53 | 4065717 | 10332 | 4076049 | 49.63 | 0.90 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change during the year |
|---|---|----------|----------|-------------------|---|----------|---------|-------------------|-------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| C. Shares held by Custodian for GDRs & ADRs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Grand Total (A+B+C) | 16403135 | 23032 | 16426167 | 100 | 8202751 | 10332 | 8213083 | 100 | 0.00 |

(ii) Shareholding of Promoters

| Sl. No | Shareholder's Name | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | %Change during the year |
|--------|----------------------|---|-----------|-------------------|---|-----------|-------------------|-------------------------|
| | | Demat | Total | % of Total Shares | Demat | Total | % of Total Shares | Nil |
| 1. | Sanhita Reddy | 20,00,000 | 20,00,000 | 12.18 | 10,00,000 | 10,00,000 | 12.18 | -- |
| 2. | Stuthi Reddy | 20,00,000 | 20,00,000 | 12.18 | 10,00,000 | 10,00,000 | 12.18 | -- |
| 3. | Palem Supriya Reddy | 20,00,000 | 20,00,000 | 12.18 | 10,00,000 | 10,00,000 | 12.18 | -- |
| 4. | Palem Srikanth Reddy | 11,60,603 | 11,60,603 | 7.07 | 6,02,254 | 6,02,254 | 7.33 | 0.26 |
| 5. | P Soujanya Reddy | 1,43,238 | 1,43,238 | 0.87 | 71,619 | 71,619 | 0.87 | -- |
| 6. | Palem Srinivas Reddy | 5,200 | 5,200 | 0.03 | 2,600 | 2,600 | 0.03 | -- |
| 7. | Dakshayani Reddy | 1,200 | 1,200 | 0.01 | 600 | 600 | 0.01 | -- |
| 8. | D Vidyasagar | 540 | 540 | 0.00 | 270 | 270 | 0.00 | -- |

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

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---|------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|
| | Palem Srikanth Reddy | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 11,60,603 | 7.07 | 6,02,254 | 7.33 |
| Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment / transfer /bonus/sweat equity etc) | | | | | |
| | At the End of the year | 11,60,603 | 7.07 | 6,02,254 | 7.33 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Shareholder Name At the beginning of the year | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---------|--|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of The company | No. of shares | % of total shares of the company |
| 1 | Ashish Dhawan | 666723 | 4.06 | 333361 | 4.06 |
| | Decrease due to Consolidation of Shares | | | 333361 | 4.06 |
| 2 | Six Rivers Group Limited | 433896 | 2.64 | 216948 | 2.64 |
| | Decrease due to Consolidation of Shares | | | 216948 | 2.64 |
| 3 | Amol Sharad Chauhan | 298000 | 1.81 | 149000 | 1.81 |
| | Decrease due to Consolidation of Shares | | | 149000 | 1.81 |
| 4 | Parle Biscuits Private Limited | 280000 | 1.70 | 140000 | 1.70 |
| | Decrease due to Consolidation of Shares | | | 140000 | 1.70 |
| 5 | Keen Whye Lee | 271600 | 1.65 | 135800 | 1.65 |
| | Decrease due to Consolidation of Shares | | | 135800 | 1.65 |

| | | | | | |
|----|--|--------|------|--------|------|
| 6 | Equity Intelligence India Private Limited | -- | -- | 100000 | 1.22 |
| | Increase due to Purchase of Shares | -- | -- | 100000 | 1.22 |
| 7 | Boon Hwee Koh | 174185 | 1.06 | 87092 | 1.06 |
| | Decrease due to Consolidation of Shares | | | 87092 | 1.06 |
| 8 | O P Chugh | 28425 | 0.17 | 83000 | 1.01 |
| | Increase due to Purchase of Shares | | | 83000 | 1.01 |
| 9 | Mathew Cyriac | 81780 | 1.00 | 81780 | 1.00 |
| 10 | Jagdish N Master | 100000 | 0.61 | 42500 | 0.52 |
| | Decrease due to Consolidation of Shares | | | 42500 | 0.52 |
| | Date wise Increase /Decrease in Top Ten Share Holding during the year specifying the reasons for increase/ decrease(e.g. allotment / transfer /bonus/ sweat equity etc): NIL | | | | |
| | At the End of the year | -- | -- | -- | --- |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|----------|---|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Palem Srikanth Reddy | | | | | |
| | At the beginning of the year | | 1160603 | 7.07 | 1160603 | 7.07 |
| | 24/06/2016 | Purchase | 6977 | 0.08 | 1167580 | 14.22 |
| | 30/06/2016 | Purchase | 5123 | 0.06 | 1172703 | 14.28 |
| | 19/08/2016 | Purchase | 809 | 0.01 | 1173512 | 14.29 |
| | 26/08/2016 | Purchase | 2620 | 0.03 | 1176132 | 14.32 |
| | 02/09/2016 | Purchase | 1129 | 0.01 | 1177261 | 14.33 |
| | 16/09/2016 | Purchase | 1219 | 0.01 | 1178480 | 14.35 |
| | 23/09/2016 | Purchase | 1321 | 0.02 | 1179801 | 14.36 |
| | 16/12/2016 | Purchase | 1187 | 0.01 | 1180988 | 14.38 |
| | 23/12/2016 | Purchase | 1565 | 0.02 | 1182553 | 14.40 |
| | 30/12/2016 | Purchase | 2 | 0.00 | 1182555 | 14.40 |
| | 06/01/2017 | Purchase | 1 | 0.00 | 1182556 | 14.40 |
| | Decrease due to Consolidation of Shares | | -- | --- | 602254 | 7.33 |
| | At the End of the year | | -- | --- | 602254 | 7.33 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

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

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

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

B. Remuneration to other directors:

| Sl. no. | Particulars of Remuneration | Name of Director | | | | Total Amount |
|---------|--|------------------|-------------|---------------|----|--------------|
| | | S.VIJAYA SARADHI | ATUL SHARMA | RICHA PATNAIK | NA | |
| | Independent Directors Fee for attending board / committee meetings · Commission · Others, please specify | 15000 | -- | -- | -- | 15000 |
| | Total (1) | 15000 | -- | -- | -- | 15000 |
| | Other Non-Executive Directors · Fee for attending board / committee meetings · commission · Others, please specify | -- | -- | -- | -- | -- |
| | Total (2) | -- | -- | -- | -- | -- |
| | Total (B)=(1+2) | 15000 | -- | -- | -- | 15000 |
| | Total Managerial Remuneration | -- | -- | -- | -- | -- |
| | Overall Ceiling as per the Act | -- | -- | -- | -- | -- |

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

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|---|-----|----------|
| | | CEO | Company Secretary (N. Archan Sastry) | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | --- | 3,74,700 | -- | 3,74,700 |
| 2. | Stock Option | --- | --- | --- | --- |
| 3. | Sweat Equity | --- | --- | --- | --- |
| 4. | Commission - as % of profit - others, specify... | --- | --- | --- | --- |
| 5. | Others, please specify | --- | --- | --- | --- |
| 6. | Total | --- | 3,74,700 | -- | 3,74,700 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Sd/-

Palem Srikanth Reddy

Chairman & Managing Director
(DIN: 00025889)

Place : Hyderabad
Date : 04.09.2017

Annexures-F to the Directors' Report

FORM MR- 3

SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

To
The Members of
M/s. Palred Technologies Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Palred Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2016 and ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technologies Limited ("The Company") for the financial year ended on 31st March, 2017, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014 and thereafter
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act');
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) is furnished hereunder for the financial year 2016-17
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Complied with yearly and event based disclosures.**
 - ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review ;**
 - iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.**
 - iv. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.**
 - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **Not Applicable as the Company has not issued any debt securities during the year under review.**
 - vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable as the Company has not issued any ESOPS during the year under review.**
 - vii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for fair disclosure, 2015 and displayed the same on company's Website i.e www.palred.com and all required disclosures from time to time as and when applicable are complied with.
 - viii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
 - o The Company has framed the policies as mentioned below and displayed the same on the Company's website i.e. www.palred.com
 - Board Diversity Policy
 - Policy on Preservation of Documents
 - Risk Management Policy
 - Whistle Blower Policy
 - Related Party Transaction Policy
 - Familiarization programme for Independent Directors.
 - Nomination and Remuneration Policy

3. During the year the company has conducted 6 Board meetings, 4 Audit committee meetings, 4 Stakeholder Relationship Committee Meetings and 1 Independent Directors meeting. We have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
 - ii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. We further report that the Compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.
5. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 Rules, Regulations, Guidelines, Standards, etc., mentioned above.
5. I have relied on the Management Representation made by the Managing Director for systems and mechanism formed by the Company to ensure the compliances under other applicable Acts, Laws and Regulations which are listed below:
 - a. Information Technologies Act 2000.
 - b. Software Technology Park of India Rules and Regulations.
 - c. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC ,Compensation etc.,
 - d. Clearance from Various Local Authorities.
6. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professional.

We further report that:-

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

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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

C. P. No: 7478

Place: Hyderabad

Date: 04.09.2017

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
 - i. The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - Foreign Direct Investment (FDI) was compiled by the company under the financial year under report;
 - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
 - ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) **We further report that:-**
 - i. The company has a Company Secretary namely Mrs. Archana Sastry Nudurupati.
 - ii. The Company has the internal auditors namely M/s. Laxminiwas & Co. Chartered Accountants, Hyderabad.
 - iii. The company has not appointed Chief Financial Year during the financial year 2016-17.

Annexures-G to the Directors' Report**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members of
Palred Technologies Limited
Hyderabad

We have examined the compliance of conditions of corporate governance by **PALRED TECHNOLOGIES LIMITED** ('the Company') for the year ended 31 March, 2017, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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

Place: Hyderabad
Date: 04.09.2017

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

Annexures-H to the Directors' Report CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is backed by Principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

DATE OF REPORT:

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on March 31, 2017. The Report is updated as on the date of the report wherever applicable.

2. BOARD DIVERSITY:

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

3. BOARD EVALUATION:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

4. COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

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

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

- Code of Conduct for Board of Directors and Senior Management Personnel

5. PALRED' CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:

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

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

6. BOARD OF DIRECTORS:

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the company.

As trustees, the Board has a fiduciary responsibility towards all the shareholders and ensures that the company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils all stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, also periodically reviews its role.

7. COMPOSITION OF THE BOARD:

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2017, the Company's Board comprised of four Directors, One promoter Directors. In addition, there are three independent Directors on the Board including one woman Director. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge.

8. NUMBER OF BOARD MEETINGS:

The Board of Directors met Six (6) times during the financial year, on May 30, July 07, September 02, and November 07 in 2016 and February 02 and March 13, in 2017. The maximum time gap between any two meetings was less than four months. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors.

9. ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, then they do not serve as independent director in more than three listed companies.

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

| Name of Director | Relationship with other Directors | Category | No. of Meetings Held | No. of Meetings Attended | Whether Attended Last AGM | Directorships in other Public Companies | Committee Memberships in other Public Companies | Committee Chairmanships in other Public Companies |
|--------------------------|-----------------------------------|----------------------|----------------------|--------------------------|---------------------------|---|---|---|
| P.Srikanth Reddy | None | Promoter Director | 6 | 6 | Yes | -- | -- | -- |
| Sribhashyam Vijaya Sarda | None | Independent Director | 6 | 6 | yes | -- | -- | -- |
| Atul Sharma | None | Independent Director | 6 | 1 | No | -- | -- | -- |
| Richa Patnaik | None | Independent Director | 6 | 6 | No | -- | -- | -- |

10. INFORMATION SUPPLIED TO THE BOARD:

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the Managing Director is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key

projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The following information is provided to the Board as a part of the agenda papers:

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

11. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarize with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Details of the same are available on www.palred.com.

12. COMMITTEES OF THE BOARD:

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

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

13. AUDIT COMMITTEE: (Audit Committee constituted in terms of sec. 177 of Companies Act, 2013 read with reg. 18 of SEBI (LODR) Regulations, 2015)

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE: - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.

- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - a. Any changes in accounting policies and practices;
 - b. Qualification in draft audit report;
 - c. Significant adjustments arising out of audit;
 - d. The going concern concept;
 - e. Compliance with accounting standards;
 - f. Compliance with stock exchange and legal requirements concerning financial statements and
 - g. Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

B. COMPOSITION, MEETINGS & ATTENDANCE:

There were four (4) Audit Committee Meetings held during the year on 30.05.2016, 02.09.2016, 07.11.2016 and 04.02.2017.

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

NED (I) : Non Executive Independent Director

14. NOMINATION AND REMUNERATION COMMITTEE: (Committee constituted in terms of sec. 178 of Companies Act, 2013 read with reg. 19 of SEBI (LODR) Regulations, 2015)

The Committee comprises of three non-executive independent Directors

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

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

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

There was no Nomination and Remuneration Committee Meetings held during the financial year 2016-17

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

NED (I) : Non Executive Independent Director

15. STAKEHOLDER'S RELATIONSHIP COMMITTEE: (Committee constituted in terms of Sec. 178 of Companies Act, 2013 read with reg. 20 of SEBI (LODR) Regulations, 2015)

- i. The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
 - Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
 - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
 - The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

There were Four (4) Stakeholders' relationship Committee Meetings held during the year on 27.04.2016, 02.09.2016, 07.11.2016 and 03.02.2017.

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

NED (I) : Non Executive Independent Director

ED: Executive Director

16. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

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

Policy:

1. The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.
 2. In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
 - General understanding of the company's business dynamics, global business and social perspective;
 - Educational and professional background
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;
 - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- 2.1 The proposed appointee shall also fulfil the following requirements:
- shall possess a Director Identification Number;
 - shall not be disqualified under the companies Act, 2013;
 - shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
 - shall abide by the code of Conduct established by the company for Directors and senior Management personnel;

- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other relevant laws.

3. Criteria of independence

- 3.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.
- 3.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.

4. Other directorships/ committee memberships

- 4.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director’s service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- 4.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.
- 4.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

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

17. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

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

18. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2016-17:

| NUMBER OF COMPLAINTS | NUMBER |
|--|--------|
| Number of complaints received from the investors comprising non-receipt of securities sent for transfer and transmission, complaints received from SEBI / Registrar of Companies / Bombay Stock Exchange / National Stock Exchange / SCORE and so on | -- |
| Number of complaints resolved | -- |
| Number of complaints not resolved to the satisfaction of the investors as on March 31, 2017 | -- |
| Complaints pending as on March 31, 2017 | -- |
| Number of Share transfers pending for approval, as on March 31, 2017 | -- |

19. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY: The Non- Executive Directors have no pecuniary relationship or transactions.

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

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

- 1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:
- (i) Basic pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options
 - (iv) Commission (Applicable in case of Executive Directors)
 - (v) Retrial benefits
 - (vi) Annual performance Bonus
- 1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

2. Remuneration to Non – Executive Directors

- 2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.
- 2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3. Remuneration to other employees

- 3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

B. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2016-17 AND OTHER DISCLOSURES

| Name of the Director | Salary (Rs) | Sitting fees (Rs) | Number of shares held | Service Contracts | Stock Option Details | Fixed Component | Performance Based Incentive |
|----------------------------|-------------|-------------------|-----------------------|-------------------|----------------------|-----------------|-----------------------------|
| P.Srikanth Reddy | 30,00,000 | -- | 6,02,254 | -- | -- | -- | -- |
| Sribhashyam Vijaya Saradhi | -- | -- | -- | -- | -- | -- | -- |
| Atul Sharma | -- | -- | -- | -- | -- | -- | -- |
| Richa Patnaik | -- | -- | -- | -- | -- | -- | -- |

20. INDEPENDENT DIRECTORS' MEETING:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 04.02.2017, to discuss:

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

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

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

21. REMUNERATION POLICY:

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

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

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:

1. Scope:

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

2. Terms and References:

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

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

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

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

1. Scope:

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

2. Terms and Reference:

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

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

2.2 "Key Managerial Personnel" means

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

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

22. **FORMAL ANNUAL EVALUATION:**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder and regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the independent directors of the company had a meeting on 04.02.2017 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

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

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

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

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

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee Meetings
- Attendance at the Board/Committee Meetings

- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the Company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

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

23. RISK MANAGEMENT COMMITTEE: - (Committee constituted in terms of reg. 21 of SEBI (LODR) Regulations, 2015)

A.) COMPOSITION:

The Details of composition of the Committee are given below:

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

NED (I) : Non Executive Independent Director

ED : Executive Director

ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

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

24. DETAILS ON GENERAL BODY MEETINGS:

A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:

| Financial Year | Date | Time | Location | Special / Ordinary Resolution |
|----------------|------------|------------|--|-------------------------------|
| 2015-16 | 30.09.2016 | 9:00 A.M. | Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034 | Yes |
| EGM | 13.11.2015 | 9.00 A.M. | 2nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad | yes |
| EGM | 04.04.2015 | 10.00 A.M. | 2nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad | Yes |
| 2014-15 | 30.09.2015 | 9.00 A.M. | 2nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad - 500034 | Yes |
| 2013-14 | 29.09.2014 | 10.00 A.M. | Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034 | Yes |

25. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2016-17.

26. MEANS OF COMMUNICATION

The quarterly, half-yearly, and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also

posted on the Company's website, at www.palred.com. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

27. GENERAL SHAREHOLDER INFORMATION:
A. ANNUAL GENERAL MEETING:

The 18th Annual General Meeting of the Company will be held as per the following schedule:

| | |
|------------|--|
| Day | Thursday |
| Date | 28 th September, 2017 |
| Time | 09.00 a.m. |
| Venue | Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034 |

B. VENUE: FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2017-18 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

| | |
|---|----------------|
| Financial Year | 2017-18 |
| First Quarterly Results | 14.08.2017 |
| Second Quarterly Results | 14.11.2017 |
| Third Quarterly Results | 14.02.2018 |
| Fourth Quarterly Results | 29.05.2018 |
| Annual General Meeting for year ending 31st March, 2018 | 30.09.2018 |

C. DIVIDEND PAYMENT DATE: No Dividend was declared during the Financial Year 2016-17

D. LISTING ON STOCK EXCHANGES & ADDRESS:

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the year 2017-2018 to both the Stock Exchanges.

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

E. STOCK MARKET PRICE DATA: BSE LIMITED

| Month | Open Price | High Price | Low Price | Close Price | No. of Shares Traded |
|--------|------------|------------|-----------|-------------|----------------------|
| Apr 16 | 64.00 | 66.45 | 56.40 | 61.00 | 75,934 |
| May 16 | 112.30 | 133.80 | 82.10 | 82.10 | 56,166 |
| Jun 16 | 78.70 | 83.95 | 67.20 | 73.85 | 71,796 |
| Jul 16 | 72.15 | 106.45 | 71.00 | 74.25 | 2,75,226 |
| Aug 16 | 74.65 | 79.20 | 67.70 | 71.15 | 42,557 |
| Sep 16 | 71.70 | 78.95 | 63.00 | 70.05 | 61,072 |
| Oct 16 | 68.25 | 88.80 | 68.25 | 84.10 | 71,390 |
| Nov 16 | 81.80 | 95.00 | 61.20 | 79.25 | 87,555 |
| Dec 16 | 79.80 | 111.00 | 76.30 | 98.70 | 1,07,321 |
| Jan 17 | 95.30 | 147.55 | 95.30 | 119.55 | 3,55,529 |
| Feb 17 | 122.00 | 134.95 | 102.60 | 108.75 | 78,459 |
| Mar 17 | 110.00 | 181.80 | 102.85 | 158.40 | 4,98,701 |

F. REGISTRAR AND SHARE TRANSFER AGENTS:

Karvy Computershare Pvt Limited
 Karvy Selenium Tower B, Plot 31-32,
 Gachibowli, Financial District,
 Nanakramguda, Hyderabad – 500032
 Phone Number: 040-67162222,67161526,
 Website: www.karvycomputershare.com
 Email- einward.ris@karvy.com

G. SHARE TRANSFER SYSTEM:

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

H. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH , 2017:

| CATEGORY | | | NUMBER OF SHAREHOLDERS | % | AMOUNT | % |
|------------------|---|--------|------------------------|------------|--------------------|------------|
| 1 | - | 5000 | 16392 | 94.98 | 11082585 | 13.49 |
| 5001 | - | 10000 | 412 | 2.39 | 3126635 | 3.81 |
| 10001 | - | 20000 | 215 | 1.25 | 3162445 | 3.85 |
| 20001 | - | 30000 | 99 | 0.57 | 2454345 | 2.99 |
| 30001 | - | 40000 | 41 | 0.24 | 1456350 | 1.77 |
| 40001 | - | 50000 | 20 | 0.12 | 915835 | 1.12 |
| 50001 | - | 100000 | 41 | 0.24 | 2800745 | 3.41 |
| 100001 and above | | | 38 | 0.22 | 57131895 | 69.56 |
| TOTAL | | | 17257 | 100 | 8,21,30,835 | 100 |

I. DEMATERIALISATION & LIQUIDITY OF SHARES:

Palred Shares are tradable in Electronic Form. The Company has established electronic connectivity through Karvy Computer Share Private Limited with both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE218G01033. As on March 31, 2017 99.86% of the shares were held in Dematerialised form and the rest in physical form.

| Particulars | No. of Shares | % Share Capital |
|-------------|---------------|-----------------|
| NSDL | 72,75,174 | 88.58 |
| CDSL | 9,27,577 | 11.29 |
| PHYSICAL | 10,332 | 0.13 |
| Total | 82,13,083 | 100.00 |

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

J. BOOK CLOSURE DATE:

The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be from Friday, the 22nd day of September, 2017 to Thursday, the 28th day of September, 2017 (both days inclusive).

K. ELECTRONIC CONNECTIVITY:

Demat ISIN Number: INE218G01033

L. NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound
 Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

M. CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Phiroze Jeejeebhoy Towers, 28th Floor
 Dalal Street, Mumbai – 400 023.

N. SHAREHOLDING PATTERN AS ON 31ST MARCH,2017:

| S. No | Category | No. of shares held | Percentage of shareholding |
|-----------|---|--------------------|----------------------------|
| A | Shareholding of Promoter and Promoter group | | |
| 1. | Indian | | |
| | Individual | 36,77,343 | 44.77 |
| 2. | Foreign | -- | -- |
| | Individual | -- | -- |
| | Sub-Total A | 36,77,343 | 44.77 |
| B | Public Shareholding | | |
| 1. | Institutions | -- | -- |
| | Foreign Portfolio Investors | 459631 | 5.60 |
| | Financial Institutions/ Banks | 60 | -- |
| | Any Others (Body Corporate) | 216948 | 2.64 |
| | Sub-Total B | 676639 | 8.24 |
| 2. | Non Institutions | | |
| a. | Bodies Corporate | 504514 | 6.14 |
| b. | Indian Public and others | 2951874 | 35.94 |
| c. | Others | | |
| i. | Trusts | 1031 | 0.01 |
| ii. | NRI | 51137 | 0.62 |
| iii. | Clearing Members | 7728 | 0.09 |
| iv. | Foreign Individuals | 310647 | 3.78 |
| v. | NRI - Non- Repat | 31430 | 0.38 |
| vi. | Unclaimed or Suspense or Escrow Account | 740 | 0.01 |
| | Sub Total C | 3859101 | 46.97 |
| | Grand Total (A+B+C) | 8213083 | 100.00 |

28. OTHER DISCLOSURES:

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

B. CODE OF CONDUCT :

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

Declaration on Code of Conduct for the year 2016-17

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2017 as envisaged in Regulation 26(3) of the Listing Regulations.

Place: Hyderabad
Date : 04.09.2017

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

C. CEO/CFO CERTIFICATION

The Managing Director and CEO certification of the financial statements for the year 2016-17 is provided elsewhere in this Annual Report.

D. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

None of the Independent/Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

E. WHISTLE BLOWER POLICY:

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

F. WEB LINK WHERE POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS:

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's Website www.palred.com The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

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

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

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

H. DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE:

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

I. COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS UNDER LISTING REGULATIONS:

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- **The Board & Separate posts of Chairman and CEO:** The positions of the Chairman and the CEO are separately held in the company.
- The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with
- **Shareholders' rights:** The quarterly results along with the press release are uploaded on the website of the Company www.palred.com. The soft copy of the quarterly results is also sent to the shareholders who have registered their e-mail addresses.
- **Audit qualifications:** Company's financial statements are unqualified.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2) (a) of the Listing Regulations.

J. DISCLOSURE OF ACCOUNTING TREATMENT:

The Company follows the guidelines of Accounting Standards referred to in section 133 of The Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 together with early adoption of Accounting Standard (AS) 30 'Financial instruments: Recognition and Measurement' and the consequential limited revisions to certain Accounting Standards issued by the Institute of Chartered Accountants of India.

K. MISCELLANEOUS:

- **BANK DETAILS:** Shareholders holding shares in physical form are requested to notify / send the following information to the Registrar and Share Transfer Agent of the Company:
 - Any change in their address/mandate/bank details etc.; and
 - Particulars of the bank account in which they wish their dividend to be credited (in case the same has not been furnished earlier); and should include the following particulars namely, Bank Name, Branch Name, Account Type, Account Number and MICR Code (9 digits).

- **PERMANENT ACCOUNT NUMBER:**

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent.

- **NOMINATION FACILITY:**

Shareholders holding shares in physical form and desirous of submitting/changing nomination in respect of their shareholding in the Company may submit requisite Form as per the provisions of the Companies Act, 2013, to the Company's Registrar and Share Transfer Agent.

L. ADDRESS FOR CORRESPONDANCE:

N.Naveen Kumar
Company Secretary
Plot No: 2, H. No: 8-2-703/2/B, Road No: 12,
Banjara Hills, Hyderabad – 500034.
For and on behalf of the Board of

Palred Technologies Limited

Place: Hyderabad
Date : 04.09.2017

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

Annexures-I to the Directors' Report**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors
M/s. Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date : 26.05.2017
Place: Hyderabad

S/d-
S. Vijaya Saradhi
(Independent director)

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s. Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date : 26.05.2017
Place: Hyderabad

S/d-
Atul Sharma
(Independent director)

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s. Palred Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

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

Thanking You.

Yours Faithfully,

Date : 26.05.2017
Place: Hyderabad

S/d-
Richa Patnaik
(Independent director)

Annexures-J to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2016-2017

The 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 in which the company has invested include E-commerce in Mobile and Tech Accessories and IT services & Software Solutions for e-commerce companies

The Company has two subsidiaries, Palred Online Technologies Private Limited and Palred Technology Services Private Limited. Palredtogether with its subsidiaries, is hereinafter referred to as "the Group."

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

I. INDUSTRY STRUCTURE AND DEVELOPMENTS.

Ecommerce Overview

Palred Online Technologies is the ecommerce subsidiary of Palred Technologies Limited, which owns and operates Latestone.com. The ecommerce portal exclusively deals with sale of Tech Accessories online and is the exclusive seller of PTron Products. It has also introduced Fashion Accessories under DaZon brand during this financial year.

Mobile and Tech Accessories Market in India- 2016-17

The Mobile and Tech Accessories Market share is estimated at Rs. 20,000 crores by Value and 45 crore units/quantities are sold in a year. Mobile Covers and Accessories take the major share followed by other Electronic Accessories. The Market is expected to grow 20-25% year-on-year for the next 3 years.

E-commerce Market

E-Commerce market in India has enjoyed phenomenal growth of almost 50% in the last five years. Although the trend of e-Commerce has been making rounds in India for 15 years, the appropriate ecosystem has now started to fall in place. The considerable rise in the number of internet users, growing acceptability of online payments, the proliferation of internet-enabled devices and favourable demographics are the key factors driving the growth story of e-Commerce in the country. The number of users making online transactions has been on a rapid growth trajectory, and it is expected to grow from 11 million in 2011 to 100 million by end of 2017.

Venture capitalists (VC) and private equity players have demonstrated their faith in the growth of e-Commerce in the country. This is amply substantiated by the significant increase in the total investments.

The online retail segment has evolved and grown significantly over the past few years. Cash-on-delivery has been one of the key growth drivers and is touted to have accounted for 50% to 80% of online retail sales. Players have adopted new business models including stock-and-sell, consignment and group buying. It is also driven by changing urban consumer lifestyle and the need for convenience of shopping at home. This segment developed in the second wave in 2007 with the launch of multiple online retail websites. New businesses were driven by entrepreneurs who looked to differentiate themselves by enhancing customer experience and establishing a strong market presence.

Information Technology Overview

Palred Technology Services Private Limited, the IT Service Provider to Palred Online Technologies, provides an exceptional level of support and maintenance for the ecommerce portal, www.latestOne.com. All measures are taken to ensure that the site functions smoothly, no matter how busy or complicated things get. It ensures that the customers are consistently provided with new features and up-to-date, original and relevant content. This is a pivotal part of the comprehensive online marketing strategy that it offers to LatestOne.

Palred Technology Services Private Limited is planning to venture into providing ecommerce enablement services such as digital marketing, content marketing and order fulfilment.

II. FINANCIAL PERFORMANCE:

Sources of Funds

1. Share Capital

As on 31st March 2017, the Company has only one class of issued shares – Equity Shares of Par value of Rs. 10/- per share. The Authorised Capital of the Company is Rs. 35,00,00,000/- (Thirty Five Crores) divided into (a) 2,80,38,800 (two Crore Eighty Lacs Thirty Eight Thousand Eight Hundred Only) shares of Rs. 10/- (Rupees Five Only) each and (b) 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) Preference Shares of Rs.100/- each. The Paid up Equity Share Capital of the Company as on date of this report is Rs. 8,21,30,830 (Eight Crores Twenty One Lakhs Thirty Thousand Eight Hundred and Thirty) divided into 82,13,083 Equity Share of Rs. 10/- per share.

2. Reserves and Surplus:
Securities Premium Account:

On a Standalone and Consolidated Basis, the Balance as on March 31, 2017 was Rs. 4,671.30 Lakhs and which was same as on March 31, 2016. There was no change in Securities premium account during the year.

Capital reserve:

On a Standalone and Consolidated Basis, the Balance as at March 31, 2017, amounted to Rs. 142.8 Lakhs which was the same as previous year.

General Reserve:

On a Standalone and Consolidated Basis, the balance as at March 31, 2017 stood at Rs. 1325.24 Lakhs which is the same as previous year.

3. Liabilities:
Current Liabilities:

| Particulars | Standalone | | Consolidated | |
|-------------------------------------|------------------|------------------|-------------------|-------------------|
| | As at 31 March | | As at 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| Unpaid dividends | 1,869,195 | 1,976,166 | 1,869,195 | 1,976,166 |
| Unclaimed capital reduction | 810,702 | 855,747 | 810,702 | 855,747 |
| Liabilities for expenses | 1,631,073 | 1,209,524 | 17,097,049 | 49,699,152 |
| Payable to customers towards refund | - | - | 10,182,069 | - |
| Statutory dues payable | 144,447 | 377,788 | 3,144,445 | 35,158,395 |
| Creditor for capital goods | - | - | 162,750 | 421,069 |
| Other liabilities | 423,319 | 476,376 | 2,829,018 | 2,656,263 |
| TOTAL | 4,878,736 | 4,895,601 | 36,095,228 | 90,766,792 |

4. Provisions:
Long-term provisions:

| Particulars | Standalone | | Consolidated | |
|------------------------|----------------|----------------|----------------|----------------|
| | As at 31 March | | As at 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| Provision for gratuity | 153,106 | 175,101 | 772,939 | 522,977 |
| Total | 153,106 | 175,101 | 772,939 | 522,977 |

Short-term provisions:

| Particulars | Standalone | | Consolidated | |
|------------------------|----------------|----------|----------------|------------|
| | As at 31 March | | As at 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| Provision for gratuity | - | - | 2,310 | 869 |
| Total | - | - | 2,310 | 869 |

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

Application of Funds:
1. Fixed Assets:
Additions to Gross Block – Standalone

During the year we capitalised Rs. 7.5 Lakhs to the Gross Block comprising Rs. 0.80 Lakhs for Office Equipment, Rs. 3.53 Lakhs Furniture and Fixtures and 3.16 Lakhs in Leasehold improvements.

Additions to Gross Block – Consolidated

During the year we capitalised Rs. 54.52 Lakhs to the Gross Block comprising Rs. 15.68 Lakhs for investment in Computer Equipment, Rs. 4.62 Lakhs in office equipment, Rs. 23.70 Lakhs in Furniture and fixtures, Rs. 0.55 on Vehicles and the balance Rs. 9.97 Lakhs on Intangible Assets.

2. Investments in Subsidiaries/ associates

Palred Online Technologies Private Limited:

The Company has continued to invest in Palred Online Technologies Private Limited. During the year, the Company has invested Rs.5 Crores in its subsidiary.

On April 10, 2017, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 10 crores in Palred Online Technologies Private Limited.

The Company holds 81.49% stake in the said subsidiary.

Palred Technology Services Private Limited:

The Company has acquired Beneficial Interest from the shareholders on June 20, 2016. Palred Technology Services Private Limited is now a wholly owned Subsidiary of Palred Technologies Limited and holds 100% stake in the Company.

3. Current Investments, Cash and Cash Equivalents:

On a standalone basis, balance in current investments is Rs. 1997 Lakhs as compared to 573.66 Lakhs as at March 31, 2016. The cash and bank balance stand at Rs. 42.42 Lakhs as at March 31, 2017 as compared to Rs. 40.34 Lakhs as at March 31, 2016.

On a consolidated basis, balance in current investments is Rs. 2032.71 Lakhs as compared to 3409.23 Lakhs as at March 31, 2016. The cash and bank balance stand at Rs. 174.05 Lakhs as at March 31, 2017 as compared to Rs. 318.12 Lakhs as at March 31, 2016.

4. Loans and Advances and other non-Current Assets:

The details of Long Term loans, advances and other non-current assets are as follows:

| Particulars | Standalone | | Consolidated | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | As at 31 March | | As at 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| Advances tax (net of provision) | 10034334 | 30688671 | 10820334 | 31072671 |
| Balances with government authorities | - | - | 6792158 | - |
| Deposit with statutory authorities | 4174253 | 4174253 | 4174253 | 4174253 |
| Security deposits | - | 290000 | 2,990,827 | 3,882,327 |
| Other advances | - | - | 285,780 | - |
| Total | 14208587 | 35152924 | 25063352 | 39129251 |

The details of Short Term loans, advances and other current assets are as follows:

| Particulars | Standalone | | Consolidated | |
|------------------------------|----------------|---------------|-----------------|-----------------|
| | As at 31 March | | As at 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| Prepaid expenses | 47451 | 209044 | 1396199 | 1873555 |
| Service tax receivable | - | - | 72500 | 72500 |
| Value added tax receivable | - | 7868 | - | - |
| Vendor and employee advances | 212911 | 82285 | 4683093 | 4247437 |
| Other advances | 0 | 10000 | 161826 | 472569 |
| Other current assets | - | 13341 | 21116615 | 10849576 |
| Total | 260362 | 322538 | 27430233 | 17515637 |

III. RESULTS OF OUR OPERATIONS:

1. Income:

During the financial year ended 31 March 2014, Company had transferred its transportation and logistics software business and used the part of proceeds to refund it to the shareholders by way of dividends and reduction in share capital. Further, the

Company also acquired investments in a subsidiary company engaged in the e-commerce activities and IT services.

On a standalone basis, the Company has earned Rs. 110.67 Lakhs as dividend income from non-trade investments.

On a Consolidated basis, the Company has earned Rs. 140.42 Lakhs as dividend income from non-trade investments.

As on date of this report, the Company has invested Rs. 2753 crores in Palred Online Technologies Private Limited and Rs. 6.01 cores in Palred Technology Services Private Limited.

Palred Online Technologies Private Limited has earned a net revenue of Rs. 41 crores in FY 2016-2017 as compared to Rs. 38 crores in FY 2015-2016 resulting in 8% growth in net revenue year on year basis.

Palred Technology Services Private Limited has earned a Net Revenue of Rs. 40 Lakhs in in FY 2016-2017 as compared to Rs. 38.40 lakhs in FY 2015-2016 resulting in 4.17% growth in net revenue year on year basis.

Thus on a consolidated basis, the net revenue of the Company is Rs. 4116.73 Lakhs compared to Rs.3818.33 Lakhs in previous year.

2. Expenditure:

On a Standalone Basis, the expenditure incurred towards employee benefit expenses is Rs. 66.33 Lakhs as against 100.08 Lakhs of previous year and Other Expenses are Rs. 174.45 Lakhs as against 181.31 Lakhs of previous year.

On a Consolidated Basis, the Total Expenditure is Rs.5412.24 Lakhs as against Rs. 6233.84 lakhs of previous year.

3. Operating Profit:

On a standalone basis, the company is no operating profit.

On a Consolidated Basis, the company has incurred loss of Rs. 1289.82 Lakhs as compared to profit of Rs. 2157.15 Lakhs of previous Year.

4. Depreciation and Amortisation:

On a standalone basis, we provided Rs. 20.95 Lakhs and Rs. 26.49 Lakhs for the years ended March 31, 2017 and March 31, 2016 respectively.

On a consolidated basis, we provided Rs. 75.74 Lakhs and Rs. 57.56 Lakhs for the years ended March 31, 2017 and March 31, 2016 respectively.

5. Provision for Taxation:

There is no provision for taxation on standalone basis or Consolidated Basis.

6. Net Profit/Loss after tax:

On a standalone basis, the net loss is Rs. 296.37 Lakhs as against net loss of Rs. 98.81 Lakhs of previous year.

On a consolidated basis, the net loss is Rs. 1289.82 Lakhs as against net loss of Rs. 2157.15 Lakhs of previous year.

7. Liquidity:

On a standalone basis, the company has no operations. The Company has utilized Rs 501 Lakhs for investing activities in subsidiaries during 2016-2017 compared to Rs.3500 Lakhs during 2015-2016.

On a Consolidated Basis, the net cash used in operations is Rs. 1621.04 Lakhs as against 1692.45 Lakhs net cash used in previous Year.

8. Related Party Transactions:

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

9. Events occurring after Balance Sheet Date:

a. Allotment of equity shares on preferential basis:

In May 2017, the Company has issued 15,19,483 equity shares of INR. 10/- each at a premium of INR. 135/- per equity share to the non-promoters on preferential basis after the end of financial year 2016-17.

b. Investment in Subsidiary:

The Company has continued to invest in Palred Online Technologies Private Limited. During the year, the Company has invested Rs.5 Crores in its subsidiary. In April 2017, the Company has Invested Rs. 10 Crores in its subsidiary company, Palred Online Technologies Private limited by way subscribing 1606942 equity shares of Rs. 10/- each at a premium of Rs. 52.23/- per equity share on private placement basis.

IV. STRATEGY, OUTLOOK, OPPORTUNITIES AND THREATS:

E-Commerce

A. Objective and Strategy:

Palred Online Technologies aims to become a market leader in online tech accessories / products business in India and INR 1,000 Crore Revenue ecom / e-tail Company by 2021. The Company aims to achieve this unique position by combination of following factors:

- i. Vertical defined by high margin, high volume, moderate value and small in size Products.
- ii. High value addition through combination of technology, systems & processes, fulfilment capabilities and online sales.
- iii. Simplification of a complex business involving continuously changing products and thousands of stock keeping units (SKU)/items.
- iv. Competitive advantage and differentiation by above three parameters.
- v. Operate offline PTron brand stores to cater B2B segment
- vi. Superior ecommerce IT solution suitable to Indian markets –ranked above 90% by Google
- vii. End-to-end integration and implementation of Systems, Processes and Automation for efficient and scalable fulfilment operations.
- viii. Source from factories directly and private labelling (PTron&DaZon)
- ix. Continuous and timely introduction of new products (ex: Power banks, Smart watches, Smart phone lens, VR Headsets etc.).
- x. Steady and continuous development of brand (LatestOne, PTron&DaZon)
- xi. The Company aims to establish a third fulfilment Centre in South India.

B. Outlook, 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.

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 potential risks include Fulfilment Risks, Security Risks, and Payment Risks. The challenges faced by E-commerce Industry include Lack and Touch and Feel, Increased competition with the entry of global players and 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.

Information Technology:

Objective and Strategy:

Our Objective is to development of Enterprise Solutions for retail/ecommerce, build a sustainable Organisation that remains relevant to the agenda of our clients while generating Profitable Growth. We aim to leverage software-based automation and Delivery Model to deliver solutions and services to e-commerce industry.

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 defence 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.

V. INTERNAL CONTROL SYSTEMS AND ADEQUACY:

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

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

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

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

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

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

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

B. Culture, Values and Leadership

Your Company has 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.

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Palred Technologies Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 26 May 2017 as per Annexure B expresses unmodified opinion; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note 18 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there was a delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the Section 124 of the Act and the rules made thereunder, however the same was corrected during the year; and
 - iv. the Company, as detailed in Note 20 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

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

Place : Hyderabad
Date : 26 May 2017

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

**Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited,
on the standalone financial statements for the year ended 31 March 2017**

Annexure A

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products / services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to 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, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

| Name of the statute | Nature of dues | Amount | Amount paid under Protest | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|----------------|------------|---------------------------|------------------------------------|---|
| | | (₹) | (₹) | Financial year | |
| The Income Tax Act, 1961 | Income Tax | 60,939,060 | - | 2007-08 | Income Tax Appellate Tribunal, Hyderabad |
| | Income Tax | 30,450,340 | - | 2008-09 | |
| | Income Tax | 20,871,270 | 4,174,253 | 2009-10 | |
| | Income Tax | 3,882,740 | - | 2013-14 | Commissioner of Income-tax (Appeals), Hyderabad |

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) On the basis of information and explanations provided to us by the management, read with note 23 to the accompanying standalone financial statements, provisions of Section 451A of the Reserve Bank of India Act, 1934 is not applicable to the Company. Accordingly, the Company is not required to be registered under the aforesaid provisions as at 31 March 2017.

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

Place : Hyderabad
Date : 26 May 2017

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

Annexure B to the Independent Auditor's Report of even date to the members of Palred Technologies Limited,
on the standalone financial statements for the year ended 31 March 2017

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

1. In conjunction with our audit of the standalone financial statements of Palred Technologies Limited ('the Company') as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Sanjay Kumar Jain
Partner
Membership No.: 207660

Place : Hyderabad
Date : 26 May 2017

Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Palred Technologies Limited

1. We have audited the standalone financial results of Palred Technologies Limited ('the Company') for the year ended 31 March 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 3 to the standalone financial results regarding the figures for the quarter ended 31 March 2017 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2017 and our review of standalone financial results for the nine months period ended 31 December 2016.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:
 - (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
 - (ii) give a true and fair view of the standalone net loss and other financial information in conformity with the accounting principles generally accepted in India for the year ended 31 March 2017.

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

Place : Hyderabad
Date : 26 May 2017

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

Palred Technologies Limited
Balance Sheet as at 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | Notes | As at 31 March | |
|--------------------------------------|--------------|--------------------|--------------------|
| | | 2017 | 2016 |
| I. Equity and liabilities | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 3 | 82,130,830 | 82,130,835 |
| (b) Reserves and surplus | 4 | 471,159,470 | 500,797,267 |
| Total Shareholders' funds | | 553,290,300 | 582,928,102 |
| (2) Non-current liabilities | | | |
| (a) Long-term provisions | 5 | 153,106 | 175,101 |
| Total non-current liabilities | | 153,106 | 175,101 |
| (3) Current liabilities | | | |
| (a) Other current liabilities | 6 | 4,878,736 | 4,895,601 |
| Total current liabilities | | 4,878,736 | 4,895,601 |
| | Total | 558,322,142 | 587,998,804 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| -Tangible assets | 7 | 3,632,671 | 4,306,132 |
| -Intangible assets | 8 | 844,709 | 1,517,035 |
| | | 4,477,380 | 5,823,167 |
| (b) Non-current investment | 9 | 335,400,000 | 485,300,000 |
| (c) Long-term loans and advances | 10 | 14,208,587 | 35,152,924 |
| Total non-current assets | | 354,085,967 | 526,276,091 |
| (2) Current assets | | | |
| (a) Current investments | 11 | 199,733,051 | 57,365,728 |
| (b) Cash and bank balances | 12 | 4,242,762 | 4,034,447 |
| (c) Short-term loans and advances | 13 | 260,362 | 309,197 |
| (d) Other current assets | 14 | - | 13,341 |
| Total current assets | | 204,236,175 | 61,722,713 |
| | Total | 558,322,142 | 587,998,804 |

The accompanying notes are integral part of these standalone financial statements.

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

For Walker Chandiook & Co LLP
 Chartered Accountants

per Sanjay Kumar Jain
 Partner

Place : Hyderabad
 Date : 26 May 2017

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

Palem Srikanth Reddy
 Chairman and Managing Director
 DIN : 00025889

Richa Patanik
 Director
 DIN : 07274527

S.Vijaya Saradhi
 Director
 DIN : 03089889

Place: Hyderabad
 Date : 26 May 2017

Palred Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | Notes | For the year ended 31 March | |
|---|---------|-----------------------------|--------------------|
| | | 2017 | 2016 |
| I Other income | 15 | 11,785,514 | 22,000,194 |
| II Total revenue | | 11,785,514 | 22,000,194 |
| III Expenses | | | |
| Employee benefits expense | 16 | 6,633,528 | 10,007,671 |
| Depreciation and amortization | 7 and 8 | 2,095,753 | 2,649,171 |
| Other expenses | 17 | 17,445,061 | 18,130,500 |
| Total expenses | | 26,174,342 | 30,787,342 |
| IV Loss before tax and exceptional item | | (14,388,828) | (8,787,148) |
| Exceptional item | 24 | 7,791,886 | - |
| V Loss before tax | | (22,180,714) | (8,787,148) |
| VI Tax expense: | | | |
| Current tax | | - | 1,094,224 |
| Taxes of earlier years | | 7,457,083 | - |
| VII Loss for the year | | (29,637,797) | (9,881,372) |
| Earnings per equity share [EPES] [refer to note 3(f)] | | | |
| Basic and diluted EPES | | (3.61) | (0.89) |
| Weighted average number of equity shares considered in calculating basic and diluted EPES | | 8,213,083 | 11,102,755 |
| Par value of equity shares | | 10 | 10 |
| The accompanying notes are integral part of these standalone financial statements. | | | |
| This is the Statement of Profit and Loss referred to in our report of even date. | | | |

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

 For Walker Chandiook & Co LLP
Chartered Accountants

 per **Sanjay Kumar Jain**
Partner

 Place : Hyderabad
Date : 26 May 2017

 For and on behalf of Board of Directors of
Palred Technologies Limited
Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

 Place: Hyderabad
Date : 26 May 2017

S.Vijaya Saradhi
Director
DIN : 03089889

Palred Technologies Limited
Cash Flow Statement for the year ended 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | For the year ended 31 March | |
|--|-----------------------------|----------------------|
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Loss before tax | (22,180,714) | (8,787,148) |
| Adjustments to reconcile loss before tax to net cash flows: | | |
| - Dividends income from mutual funds | (11,067,325) | (22,000,194) |
| - Advances written off | 7,828,098 | - |
| - Employee benefits expense | (21,995) | 53,254 |
| - Depreciation and amortization | 2,095,753 | 2,649,171 |
| Operating loss before working capital changes | (23,346,183) | (28,084,917) |
| Movements in working capital: | | |
| -Decrease in short-term loans and advances | 25,967 | 351,652 |
| -Decrease in long-term loans and advances | 5,695,368 | 1,500 |
| -(Increase)/decrease in other current assets | (3) | |
| -Increase/(decrease) in current liabilities | 134,471 | (793,704) |
| -Decrease in trade payables | - | (20,840) |
| Cash used in operations | (17,490,380) | (28,546,309) |
| -Income taxes paid | | - |
| Net cash used in operating activities (A) | (17,490,380) | (28,546,309) |
| Cash flows from investing activities | | |
| -Purchase of fixed assets | (749,966) | (182,906) |
| -Investment in shares of subsidiaries | (50,100,000) | (350,000,000) |
| -Refund of share application money, pending allotment | 200,000,000 | - |
| -Receipts of loans and advances to subsidiaries | | |
| -Net proceeds from / (investments in) mutual funds | (142,367,323) | 652,789,473 |
| - Dividends income from mutual funds | 11,067,325 | 22,000,194 |
| Net cash generated from investing activities (B) | 17,850,036 | 324,606,761 |
| Cash flows from financing activities | | |
| -Proceeds from issue of equity shares | - | 89,251,690 |
| -Payment on reduction of equity share capital | - | (386,466,003) |
| Net cash used in financing activities (C) | - | (297,214,313) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 359,656 | (1,153,861) |
| Cash and cash equivalents at the beginning of the year | 1,203,209 | 2,357,070 |
| Cash and cash equivalents at the end of the year [refer note 12(a)] | 1,562,865 | 1,203,209 |

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

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

 For Walker Chandiook & Co LLP
Chartered Accountants

 per **Sanjay Kumar Jain**
Partner

 Place : Hyderabad
Date : 26 May 2017

 For and on behalf of Board of Directors of
Palred Technologies Limited
Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

 Place: Hyderabad
Date : 26 May 2017

S.Vijaya Saradhi
Director
DIN : 03089889

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

1. Company Overview

Palred Technologies Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act 1956. The Company's equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). The Company's line of business is to provide information technology (IT) solutions and IT services for media and entertainment and to carry out activities relating to IT products and services.

2. Summary of significant accounting policies

(a) Basis of preparation of standalone financial statements

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

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

(b) Use of estimates

The preparation of standalone 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 relating to contingent liabilities at the reporting date of the standalone financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates include estimated useful life of tangible and intangible assets, future obligation under employee benefit plans, income taxes, recognition of deferred tax assets, and classification of assets and liabilities into current and non-current.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure on tangible assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.

Gains or losses arising from de-recognition of a tangible 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 de-recognized.

(d) Depreciation on tangible assets

Depreciation is provided using the written down value method based on useful lives of the assets as estimated by the management which coincides with the useful lives prescribed under Schedule II to the Act, except for leasehold improvements which are amortized over the lower of the lease period and the useful lives prescribed under the Schedule II to the Act.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost of acquisition, less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight-line method based on the estimated useful life of five years.

(f) Impairment

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

(g) Leases

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

(h) Investments

Investments that are readily realizable 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, if any is made to recognize a decline other than temporary in the value of the investments.

(i) 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.

Dividend

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

(j) Foreign currency transactions

Initial recognition

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

Conversion

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

Exchange differences

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

(k) Retirement and other employee benefits

Defined contribution plans

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.

Defined benefit plans

Gratuity is a post-employment benefit and is a defined benefit obligation. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuary using the projected unit credit method calculated the defined benefit obligations annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the year in which such gains or losses arises.

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognized on the basis of amount paid or payable for the year during which the employees render services.

(l) 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 reflect 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

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. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence, that all such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets of earlier periods and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that 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.

(m) Cash and cash equivalents

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

(n) 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.

(o) 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.

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

3. Share capital

| | As at 31 March | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| Authorized share capital | | |
| 28,038,800 (31 March 2016: 28,038,800) equity shares of ₹10 each [refer note (f)] | 280,388,000 | 280,388,000 |
| 696,120 (31 March 2016: 696,120) 14% redeemable optionally convertible preference shares of ₹100 each | 69,612,000 | 69,612,000 |
| Issued, subscribed and fully paid-up equity shares | | |
| 8,213,083 (31 March 2016: 8,213,084) equity shares of ₹10 each [refer note (f)] | 82,130,830 | 82,130,835 |
| Total issued, subscribed and fully paid-up equity share capital | 82,130,830 | 82,130,835 |

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

| | 31 March 2017 | | 31 March 2016 | |
|--|------------------|-------------------|------------------|-------------------|
| | Number of shares | Amount | Number of shares | Amount |
| At the beginning of the year | 8,213,084 | 82,130,835 | 19,518,485 | 195,184,850 |
| Add: Issue of shares | - | - | 405,690 | 4,056,895 |
| Less : Cancellation of one equity share [refer note (f)] | (1) | (5) | - | - |
| Less: Capital reduction of equity shares | - | - | (11,711,091) | (117,110,910) |
| Balance at the end of the year [refer note (f)] | 8,213,083 | 82,130,830 | 8,213,084 | 82,130,835 |

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of

(c) Details of Shareholders holding more than 5% equity shares in the Company [refer note (f)]

| | 31 March 2017 | | 31 March 2016 | |
|--------------------------------------|------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Stuthi Reddy | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Supriya Reddy Palem | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Sanhita Reddy | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Palem Srikanth Reddy | 602,254 | 7.33% | 580,301 | 7.07% |
| Passage to India Master Fund Limited | 459,631 | 5.60% | 221,593 | 2.70% |

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

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

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

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

(All amounts in ₹, unless otherwise stated)

| | Number of shares |
|--|-------------------------------|
| | 1 April 2012 to 31 March 2017 |
| Aggregate number of capital reduction of equity shares | 23,422,182 |

(f) Consolidation of shares

The Company has consolidated its 2 equity shares of ₹ 5 each into 1 equity share of ₹ 10 each by issuing 8,213,083 shares of ₹ 10 each and cancelled one equity share of ₹ 5 from Promoter group as fractional shares can not be allotted. The Company obtained the requisite approval, including approval from the stock exchanges and resumed the trading with face of value ₹ 10 each effective from 9 May 2016. Accordingly, comparative has been restated to be inline with the current year's face value per share and number of shares after rounding off of fraction shares. The effect of this consolidation of equity shares has been given in computing earnings per share of all the years presented.

4. Reserves and Surplus

| | As at 31 March | |
|--|----------------------|----------------------|
| | 2017 | 2016 |
| Securities premium account | | |
| Balance at the beginning of the year | 467,129,888 | 651,290,186 |
| Add : Additions during the year | - | 85,194,795 |
| Less: Capital reduction of shares (refer to note 3(e)) | - | (269,355,093) |
| Balance at the end of the year | 467,129,888 | 467,129,888 |
| Capital reserve | | |
| Balance at the beginning of the year | 14,280,000 | 14,280,000 |
| Balance at the end of the year | 14,280,000 | 14,280,000 |
| General reserve | | |
| Balance at the beginning of the year | 132,524,353 | 132,524,353 |
| Balance at the end of the year | 132,524,353 | 132,524,353 |
| Deficit in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (113,136,974) | (103,255,602) |
| Add: Net loss for the year | (29,637,797) | (9,881,372) |
| Balance at the end of the year | (142,774,771) | (113,136,974) |
| Total reserves and surplus | - | - |

5. Long-term provisions

| | As at 31 March | |
|--|----------------|----------------|
| | 2017 | 2016 |
| Provision for gratuity (refer note 22) | 153,106 | 175,101 |
| | 153,106 | 175,101 |

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

(All amounts in ₹, unless otherwise stated)

6. Other current liabilities

| | As at 31 March | |
|-----------------------------|------------------|------------------|
| | 2017 | 2016 |
| Unpaid dividends* | 1,869,195 | 1,976,166 |
| Unclaimed capital reduction | 810,702 | 855,747 |
| Liabilities for expenses | 1,631,073 | 1,209,524 |
| Statutory dues payable | 144,447 | 377,788 |
| Other payables | 423,319 | 476,376 |
| | 4,878,736 | 4,895,601 |

* The Company has transferred ₹ 93,536 (31 March 2016: ₹ Nil) to Investor Education and Protection Fund relating to dividend payable upon expiry of 7 years from the date they remain unclaimed.

7. Tangible assets

| | Computers | Office equipment | Furniture and fixture | Vehicles | Leasehold improvements | Total |
|---------------------------------|------------------|------------------|-----------------------|---------------|------------------------|-------------------|
| Gross block | | | | | | |
| As at 1 April 2015 | 2,082,673 | 1,860,956 | 6,941,040 | 55,058 | - | 10,939,727 |
| Additions during the year | 120,200 | 14,559 | 8,000 | - | - | 142,759 |
| As at 31 March 2016 | 2,202,873 | 1,875,515 | 6,949,040 | 55,058 | - | 11,082,486 |
| Additions during the year | - | 79,950 | 353,996 | - | 316,020 | 749,966 |
| As at 31 March 2017 | 2,202,873 | 1,955,465 | 7,303,036 | 55,058 | 316,020 | 11,832,452 |
| Accumulated depreciation | | | | | | |
| Up to 31 March 2015 | 1,398,437 | 1,014,129 | 2,352,688 | 9,178 | - | 4,774,432 |
| Charge for the year | 423,887 | 362,530 | 1,203,803 | 11,702 | - | 2,001,922 |
| Up to 31 March 2016 | 1,822,324 | 1,376,659 | 3,556,491 | 20,880 | - | 6,776,354 |
| Charge for the year | 221,371 | 226,429 | 908,662 | 8,802 | 58,163 | 1,423,427 |
| Up to 31 March 2017 | 2,043,695 | 1,603,088 | 4,465,153 | 29,682 | 58,163 | 8,199,781 |
| Net block | | | | | | |
| As at 31 March 2017 | 159,178 | 352,377 | 2,837,883 | 25,376 | 257,857 | 3,632,671 |
| As at 31 March 2016 | 380,549 | 498,856 | 3,392,549 | 34,178 | - | 4,306,132 |

8. Intangible assets

| | Computer Software |
|---------------------------------|-------------------|
| Gross block | |
| As at 1 April 2015 | 3,194,406 |
| Additions during the year | 40,147 |
| As at 31 March 2016 | 3,234,553 |
| Additions during the year | - |
| As at 31 March 2017 | 3,234,553 |
| Accumulated amortization | |
| Up to 31 March 2015 | 1,070,269 |
| Charge for the year | 647,249 |
| Up to 31 March 2016 | 1,717,518 |
| Charge for the year | 672,326 |
| Up to 31 March 2017 | 2,389,844 |
| Net block | |
| As at 31 March 2017 | 844,709 |
| As at 31 March 2016 | 1,517,035 |

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

(All amounts in ₹, unless otherwise stated)

9. Non-current Investments

| | As at 31 March | |
|--|--------------------|--------------------|
| | 2017 | 2016 |
| Investments in equity instruments, trade, unquoted, fully paid up | | |
| Investment in subsidiaries | | |
| 23,939,130 (31 March 2016: 19,591,304) representing 81.49% (31 March 2016: 79.00%) equity shares of ₹ 10 each, in Palred Online Technologies Private Limited | 275,300,000 | 225,300,000 |
| 6,010,000 (31 March 2016: 6,000,000) representing 100% (31 March 2016: 99.99%) equity shares of ₹ 10 each, in Palred Technology Services Private Limited | 60,100,000 | 60,000,000 |
| Aggregate amount of unquoted investments | 335,400,000 | 285,300,000 |
| Share application money, pending allotment | - | 200,000,000 |
| | 335,400,000 | 485,300,000 |

10. Long-term loans and advances

| | As at 31 March | |
|-------------------------------------|-------------------|-------------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Advance tax (net of provision) | 10,034,334 | 30,688,671 |
| Deposit with statutory authorities | 4,174,253 | 4,174,253 |
| Security deposits | - | 290,000 |
| | 14,208,587 | 35,152,924 |

11. Current Investments

| | As at 31 March | |
|--|--------------------|-------------------|
| | 2017 | 2016 |
| Investments in mutual funds, non-trade, quoted (Market value ₹ 199,730,426) | | |
| Nil (31 March 2016: 5,685,677) units of IDFC Banking Debt Fund | - | 57,363,103 |
| 8,858,159 (31 March 2016: Nil) units of IDFC Ultra Short term - Daily Dividend plan | 89,565,729 | - |
| 4,448,544 (31 March 2016: Nil) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan | 57,890,235 | - |
| 51,674 (31 March 2016: Nil) units of Kotak Floater Short Term - Daily Dividend plan | 52,274,462 | - |
| Aggregate amount of quoted investments | 199,730,426 | 57,363,103 |
| Investments in equity instruments of wholly owned subsidiary, trade, unquoted | | |
| 10,000,000 (31 March 2016: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia * | 2,625 | 2,625 |
| Aggregate amount of unquoted investments | 2,625 | 2,625 |
| Total current investments | 199,733,051 | 57,365,728 |

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

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

(All amounts in ₹, unless otherwise stated)

12. Cash and bank balances

| | As at 31 March | |
|---|------------------|------------------|
| | 2017 | 2016 |
| Cash and cash equivalents | | |
| Cash on hand | 26,681 | 28,668 |
| Balances with banks in current accounts | 1,526,497 | 1,164,854 |
| Fixed deposits with original maturity of less than three months | 9,687 | 9,687 |
| Total cash and cash equivalents (a) | 1,562,865 | 1,203,209 |
| Other bank balances: | | |
| Balance in unpaid dividend account (year: 2008-09) | - | 93,536 |
| Balance in unpaid dividend account (year: 2013-14) | 1,869,195 | 1,881,955 |
| Balance in unpaid capital reduction account | 810,702 | 855,747 |
| Total other bank balances (b) | 2,679,897 | 2,831,238 |
| Total cash and bank balances (a)+(b) | 4,242,762 | 4,034,447 |

13. Short-term loans and advances

| | As at 31 March | |
|-------------------------------------|----------------|----------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Prepaid expenses | 47,451 | 209,044 |
| Value added tax receivable | - | 7,868 |
| Vendor advances | 212,911 | 82,285 |
| Other advances | - | 10,000 |
| | 260,362 | 309,197 |

14. Other current assets

| | As at 31 March | |
|-------------------------------------|----------------|---------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | - | 13,341 |
| | - | 13,341 |

15. Other income

| | For the year ended 31 March | |
|-----------------------------------|-----------------------------|-------------------|
| | 2017 | 2016 |
| Dividend income from mutual funds | 11,067,325 | 22,000,194 |
| Service tax refund | 701,677 | - |
| Miscellaneous income | 16,512 | - |
| | 11,785,514 | 22,000,194 |

16. Employee benefits expense

| | For the year ended 31 March | |
|--------------------------------|-----------------------------|-------------------|
| | 2017 | 2016 |
| Salaries and wages | 5,818,871 | 8,739,015 |
| Contribution to provident fund | 150,508 | 207,835 |
| Gratuity (refer note 22) | 64,807 | 131,900 |
| Staff welfare expenses | 599,342 | 928,921 |
| | 6,633,528 | 10,007,671 |

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

(All amounts in ₹, unless otherwise stated)

| 17. Other expenses | For the year ended 31 March | |
|---------------------------------|-----------------------------|-------------------|
| | 2017 | 2016 |
| Rent | 937,500 | 1,284,000 |
| Rates and taxes | 6,792,453 | 1,348,413 |
| Office maintenance | 3,332,460 | 3,951,031 |
| Advertisement and recruitment | 229,370 | 643,420 |
| Business promotion | - | 57,994 |
| Communication | 502,279 | 483,369 |
| Postage and courier | 142,461 | 401,615 |
| Insurance | 80,920 | 119,901 |
| Power and fuel | 574,365 | 933,123 |
| Travelling and conveyance | 738,104 | 1,947,977 |
| Legal and professional expenses | 3,048,342 | 5,124,120 |
| Donations | - | 475,000 |
| Payments to auditor | | |
| -Statutory audit fees | 900,000 | 1,099,968 |
| -Other services | 91,553 | 148,656 |
| Advances written off | 36,212 | - |
| Sitting Fees | 20,000 | 30,000 |
| Miscellaneous expenses | 19,042 | 81,913 |
| | 17,445,061 | 18,130,500 |

18. Contingent Liabilities

| | As at 31 March | |
|---|----------------|-------------|
| | 2017 | 2016 |
| Claims against company not acknowledged as debt - income tax* | 114,381,016 | 112,260,670 |

*In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

19. Expenditure in foreign currency (on accrual basis)

| | For the year ended 31 March | |
|---------------------------|-----------------------------|----------------|
| | 2017 | 2016 |
| Consultancy charges | - | 330,787 |
| Travelling and conveyance | 22,488 | - |
| | 22,488 | 330,787 |

20. Additional disclosures pursuant to Clause X of Schedule III of the Companies Act, 2013

Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

| Particulars | Specified Bank Notes | Other denomination notes | Total |
|--|----------------------|--------------------------|---------------|
| Closing cash in hand as on 8 November 2016 | 30,000 | 36,662 | 66,662 |
| Add : Permitted receipts | - | 50,000 | 50,000 |
| Less : Permitted payments | - | (67,449) | (67,449) |
| Less : Amounts deposited in Banks | (30,000) | - | (30,000) |
| Closing cash in hand as on 30 December 2016 | - | 19,213 | 19,213 |

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

(All amounts in ₹, unless otherwise stated)

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

| Names of the related party | Country | Nature of relationship |
|--|---------|---|
| Palred Online Technologies Private Limited | India | Subsidiary |
| Palred Technology Services Private Limited ('PTS') | India | Subsidiary till 20 June 2016, Wholly owned subsidiary from 21 June 2016 |
| Palred Technology Services Inc. | USA | Wholly owned subsidiary of PTS |
| Mr. Palem Srikanth Reddy | | Key management personnel ('KMP') |
| Ms. Supriya Reddy | | Relative of KMP |

(b) Nature of transactions

| | For the year ended 31 March | |
|---|-----------------------------|-------------|
| | 2017 | 2016 |
| Palred Online Technologies Private Limited | | |
| Investment in equity shares | 50,000,000 | 100,000,000 |
| Advance for purchase of equity shares | - | 200,000,000 |
| Palred Technology Services Private Limited | | |
| Investment in equity shares | - | 50,000,000 |
| Reimbursement of expenses | 234,341 | - |
| Mr. Palem Srikanth Reddy | | |
| Remuneration | 3,000,000 | 3,000,000 |
| Purchase of beneficial interest in equity shares | 90,000 | - |
| Mrs. Supriya Reddy | | |
| Office Rent | 402,500 | - |

22. Defined benefit plan – gratuity

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

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

| | As at 31 March | |
|--|----------------|----------------|
| | 2017 | 2016 |
| Obligation at the beginning of the year | 175,101 | 43,201 |
| Current service cost | 87,976 | 54,168 |
| Interest cost on benefit obligation | 14,379 | 4,289 |
| Recognized net actuarial (gain)/loss | (37,548) | 73,443 |
| Liabilities transferred | (86,802) | - |
| Obligation at the end of the year | 153,106 | 175,101 |

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

(All amounts in ₹, unless otherwise stated)

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

| | For the year ended | |
|--|--------------------|----------------|
| | 2017 | 2016 |
| Current service cost | 87,976 | 54,168 |
| Interest cost on benefit obligation | 14,379 | 4,289 |
| Net actuarial (gain)/losses recognised | (37,548) | 73,443 |
| | 64,807 | 131,900 |

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

| | As at 31 March | |
|-------------------------------|----------------|----------|
| | 2017 | 2016 |
| Discount rate | 7.22% | 7.72% |
| Retirement Age | 58 years | 58 years |
| Salary escalation | 7.00% | 7.00% |
| Attrition rate | | |
| For service 4 years and below | 30.00% | 17.00% |
| For service 5 years and above | 2.00% | 17.00% |

The Company has not invested the accrued liability as of 31 March 2017. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

23. Registration under section 45-IA of the Reserve Bank of India Act, 1934

The Company's principal objectives are to carry out activities relating to Information Technology Products and Services. However, subsequent to sale of its core IT business in the financial year ended on 31 March 2014, the Company has acquired significant investments in its subsidiary companies and as a result, investments in financial assets exceed 50 per cent of the total assets and income from such financial assets exceeds 50 per cent of the gross income of the Company. The Board and the management of the Company are presently evaluating multiple business options including IT services. On the basis of assessment of the nature of business of the Company, duly supported by an independent opinion from an expert, the management is of the view that the Company is not a non-banking financial company under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the Company currently has no reportable primary segment and the segment reporting is not applicable to the Company.

24. Exceptional item

Loans and advances as at 31 March 2017 includes ₹ 7,791,886 relating to foreign tax credits for the financial years 2010-11, 2011-12 and 2012-13. Upon completion of tax assessments for these financial years, the Company had the taxable losses and accordingly was not able to utilize the foreign tax credits. On a detailed evaluation of these advances and based on management's assessment, the Board has considered to create provision against such advances which have been categorized as exceptional items.

25. Previous year comparatives

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

26. Subsequent event

- Pursuant to the approval of members in the Extra Ordinary General Meeting dated 8 April 2017, the Company has allotted 1,519,483 equity shares of ₹ 10 each at a premium of ₹ 135 per equity share.
- Subsequent to the year ended 31 March 2017, the Company has invested in 1,606,942 equity shares of ₹ 10 each of Palred Online Technologies Private Limited, a subsidiary of the Company, at a premium of ₹ 52.23 per share aggregating to ₹ 100,000,000.

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

(All amounts in ₹, unless otherwise stated)

27. Additional information

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

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

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

For Walker Chandiook & Co LLP
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : 26 May 2017

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

Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

Place: Hyderabad
Date : 26 May 2017

S.Vijaya Saradhi
Director
DIN : 03089889

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Palred Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matter

9. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 68,392 and net assets of ₹ 68,392 as at 31 March 2017, total revenues of ₹ 235,000 and net cash outflows amounting to ₹ 23,666 for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
 - (i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 23 to the consolidated financial statements;
 - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) there was a delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Group in accordance with the Section 124 of the Act and the rules made thereunder, however the same was corrected during the year; and
 - (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company, and its subsidiary companies covered under the Act. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the reports of the other auditors on separate financial statements and other financial information, in our opinion, these disclosures are in accordance with the books of account maintained by the respective companies.

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

Place : Hyderabad
Date : 26 May 2017

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

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2017
Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of the Palred Technologies Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the Group'), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. We did not audit the IFCoFR insofar as it relates to one subsidiary company, which is incorporated in India, whose financial information reflect total assets (after eliminating intra-group transactions) of ₹ 68,392 as at 31 March 2017, total revenues (after eliminating intra-group transactions) of ₹ 235,000 and net cash outflows amounting to ₹ 23,666 for the year ended on that date, in respect of which, the Group's share of net profit of ₹ 211,334 for the year ended 31 March 2017 has been considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary, which is company incorporated in India, is solely based on the management certification of adequacy of internal financial controls over financial reporting and operating effectiveness of such internal financial controls over financial reporting. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

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

Place : Hyderabad
Date : 26 May 2017

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

Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Palred Technologies Limited

1. We have audited the consolidated financial results of Palred Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended 31 March 2017, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 4 to the consolidated financial results regarding the figures for the quarter ended 31 March 2017 as reported in these consolidated financial results, which are the balancing figures between audited consolidated figures in respect of the full financial year and the published consolidated year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These consolidated financial results are based on the consolidated financial statements for the year ended 31 March 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published consolidated year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended 31 March 2017 and our review of consolidated financial results for the nine months period ended 31 December 2016.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and based on other financial information of the subsidiaries, the consolidated financial results:
 - (i) include the financial results for the year ended 31 March 2017, of the following entities:
 - a. Palred Technologies Limited
 - b. Palred Online Technologies Private Limited
 - c. Palred Technology Services Private Limited
 - d. Palred Technology Services Inc.
 - e. Thati Consultants Private Limited
 - (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
 - (iii) give a true and fair view of the consolidated net loss and other financial information in conformity with the accounting principles generally accepted in India for the year ended 31 March 2017.
4. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 68,392 and net assets of ₹ 68,392 as at 31 March 2017, and total revenues of ₹ 235,000 for the year ended on that date, as considered in the consolidated financial results. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in so far as it relates to the aforesaid subsidiary, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion on the consolidated financial results is not modified in respect of this matter with respect to our reliance on the financial information certified by the management.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Place: Hyderabad
Date: 26 May 2017

Palred Technologies Limited

Consolidated Balance Sheet as at 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | Notes | As at 31 March | |
|--|-------|--------------------|--------------------|
| | | 2017 | 2016 |
| I. Equity and liabilities | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 3 | 82,130,830 | 82,130,835 |
| (b) Reserves and surplus | 4 | 220,020,163 | 329,961,680 |
| Total Shareholders' funds | | 302,150,993 | 412,092,515 |
| (2) Minority interest | | 1,256,590 | 8,506,832 |
| (3) Non-current liabilities | | | |
| (a) Long-term provisions | 5 | 772,939 | 522,977 |
| Total non-current liabilities | | 772,939 | 522,977 |
| (4) Current liabilities | | | |
| (a) Trade payables | | | |
| - Total outstanding dues to micro and small enterprises | 6 | - | - |
| - Total outstanding dues of creditors other than micro and small enterprises | | 31,819,910 | 22,761,888 |
| (b) Other current liabilities | 7 | 36,095,228 | 90,766,792 |
| (c) Short-term provisions | 8 | 2,310 | 869 |
| Total current liabilities | | 67,917,448 | 113,529,549 |
| Total | | 372,097,970 | 534,651,873 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| - Tangible assets | 9 | 12,201,466 | 12,439,554 |
| - Intangible assets | 10 | 45,020,939 | 36,744,287 |
| | | 57,222,405 | 49,183,841 |
| (b) Long-term loans and advances | 11 | 25,063,352 | 39,129,251 |
| Total non-current assets | | 82,285,757 | 88,313,092 |
| (2) Current assets | | | |
| (a) Inventories | 12 | 41,706,234 | 56,088,481 |
| (b) Current investments | 13 | 203,270,657 | 340,922,925 |
| (c) Cash and bank balances | 14 | 17,405,089 | 31,811,738 |
| (d) Short-term loans and advances | 15 | 6,313,618 | 6,666,061 |
| (e) Other current assets | 16 | 21,116,615 | 10,849,576 |
| Total current assets | | 289,812,213 | 446,338,781 |
| Total | | 372,097,970 | 534,651,873 |

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

 For Walker Chandiok & Co LLP
 Chartered Accountants

 per Sanjay Kumar Jain
 Partner

 Place : Hyderabad
 Date : 26 May 2017

 For and on behalf of Board of Directors of
Palred Technologies Limited
Palem Srikanth Reddy
 Chairman and Managing Director
 DIN : 00025889

Richa Patanik
 Director
 DIN : 07274527

 Place: Hyderabad
 Date : 26 May 2017

S.Vijaya Saradhi
 Director
 DIN : 03089889

Palred Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | Notes | For the year ended 31 March | |
|---|----------|-----------------------------|----------------------|
| | | 2017 | 2016 |
| I Revenue from operations | 17 | 411,672,819 | 381,833,077 |
| II Other income | 18 | 15,818,182 | 30,690,170 |
| III Total revenue | | 427,491,001 | 412,523,247 |
| Expenses | | | |
| Purchases of stock-in-trade | | 150,420,134 | 152,705,513 |
| Changes in inventories of stock-in-trade | 19 | 16,073,454 | (9,468,755) |
| Employee benefits expense | 20 | 59,732,649 | 47,467,640 |
| Finance costs | 21 | - | 3,787,110 |
| Depreciation and amortization expense | 9 and 10 | 7,574,412 | 5,755,852 |
| Other expenses | 22 | 307,423,833 | 427,010,870 |
| Total expenses | | 541,224,482 | 627,258,230 |
| IV Loss before tax and exceptional item | | (113,733,481) | (214,734,983) |
| Exceptional item | 23 | 7,791,886 | - |
| V Loss before tax | | (121,525,367) | (214,734,983) |
| VI Tax expense | | | |
| Current tax | | - | 1,094,224 |
| Deferred tax benefit | | - | (113,993) |
| Taxes of earlier years | | 7,457,083 | - |
| VII Loss for the year | | (128,982,450) | (215,715,214) |
| Minority interest (share of loss) | | (16,316,977) | (48,413,152) |
| VIII Loss after minority interest | | (112,665,473) | (167,302,062) |
| Earnings per equity share [EPES] [refer to note 3(f)] | | | |
| Basic and diluted EPES | | (13.72) | (15.07) |
| Weighted average number of equity shares considered in calculating basic and diluted EPES | | 8,213,083 | 11,102,755 |
| Par value of equity shares | | 10 | 10 |

The accompanying notes are integral part of these consolidated financial statements.

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

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

 For Walker Chandiook & Co LLP
Chartered Accountants

 per Sanjay Kumar Jain
Partner

 Place : Hyderabad
Date : 26 May 2017

 For and on behalf of Board of Directors of
Palred Technologies Limited
Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

 Place: Hyderabad
Date : 26 May 2017

S.Vijaya Saradhi
Director
DIN : 03089889

Palred Technologies Limited
Consolidate Cash Flow Statement for the year ended 31 March 2017

(All amounts in ₹, unless otherwise stated)

| | For the year ended 31 March | |
|---|-----------------------------|----------------------|
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Loss before tax | (121,525,367) | (214,734,983) |
| Adjustments: | | |
| - Depreciation and amortization expense | 7,574,412 | 5,755,852 |
| - Dividends from mutual funds | (14,042,154) | (30,651,009) |
| - Balances written off | 9,328,569 | - |
| - Employee benefits expense | 251,403 | 328,182 |
| - Finance costs | - | 3,787,110 |
| Operating loss before working capital changes | (118,413,137) | (235,514,848) |
| Movements in working capital | | |
| - (Increase)/decrease in inventories | 14,382,247 | (9,468,755) |
| - (Increase)/decrease in long-term loans and advances | (1,183,070) | 1,844,000 |
| - (Increase)/decrease in short-term loans and advances | 334,575 | (1,694,575) |
| - Increase in other current assets | (11,785,854) | (8,649,958) |
| - Increase/(decrease) in other current liabilities | (54,261,909) | 69,376,304 |
| - Increase in trade payables | 8,823,022 | 15,246,729 |
| Cash used in operations | (162,104,126) | (168,861,103) |
| Income taxes paid | - | (384,000) |
| Net cash used in operating activities (A) | (162,104,126) | (169,245,103) |
| Cash flows from investing activities | | |
| - Purchase of fixed assets | (6,514,775) | (10,193,040) |
| - Acquisition of subsidiary (net of cash balances on the date of acquisition) | (1,088,329) | - |
| - Payment towards the purchase of equity shares from minority | (100,000) | - |
| - Redemption of mutual funds, net | 137,652,268 | 456,773,450 |
| - Dividend received from mutual funds | 14,042,154 | 30,651,009 |
| Net cash generated from investing activities (B) | 143,991,318 | 477,231,419 |
| Cash flows from financing activities | | |
| - Proceeds from issuance of equity shares | - | 89,251,690 |
| - Proceeds from issuance of equity shares of subsidiary to minority | 3,857,500 | - |
| - Payment on account of capital reduction | - | (386,466,003) |
| Net cash generated from/(used in) financing activities (C) | 3,857,500 | (297,214,313) |
| Net increase in cash and cash equivalents (A+B+C) | (14,255,308) | 10,772,003 |
| Cash and cash equivalents at the beginning of the year | 28,980,500 | 18,208,497 |
| Cash and cash equivalents at the end of the year [refer note 14] | 14,725,192 | 28,980,500 |

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

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

 For Walker Chandiook & Co LLP
Chartered Accountants

 per Sanjay Kumar Jain
Partner

 Place : Hyderabad
Date : 26 May 2017

 For and on behalf of Board of Directors of
Palred Technologies Limited
Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

S.Vijaya Saradhi
Director
DIN : 03089889

 Place: Hyderabad
Date : 26 May 2017

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

1. Company Overview

Palred Technologies Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act 1956. The Company's equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). The Company together with its subsidiaries (collectively referred as the 'Group') is engaged into providing information technology (IT) solutions, IT services for media and entertainment, online ecommerce portal and trading online in computer, mobiles, electronic products, computer peripherals, fashion accessories and providing related services.

2. Summary of significant accounting policies

(a) Basis of preparation of Consolidated financial statements

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

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

Investments in consolidated entities, except where such investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined under AS 21 'Consolidated Financial Statements', as prescribed under the Rules.

The standalone financial statements of the consolidating entities are added on a line-by-line basis and material inter-company balances and transactions including unrealized gain and loss from such transactions are eliminated upon consolidation. The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

| Name of the company | Country | Relationship | % of holding as at 31 March | |
|--|---------|--------------|-----------------------------|-------|
| | | | 2017 | 2016 |
| Palred Online Technologies Private Limited ('POT') | India | Subsidiary | 81.49 | 79.34 |
| Palred Technology Services Private Limited ('PTS') | India | Subsidiary | 100.00 | 99.83 |
| Palred Technology Services Inc. ('PTS Inc.') | U.S.A | Subsidiary | 100.00 | 99.83 |
| Thati Consultants Private Limited ('TCPL')* | India | Subsidiary | 100.00 | - |

* acquired during financial year 2016-17

(b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities at the reporting date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates include provision for doubtful receivables from collection agencies, estimated useful life of tangible and intangible assets, impairment of goodwill, future obligation under employee benefit plans, income taxes, recognition of deferred tax assets, determination of realisability of inventory and classification of assets and liabilities into current and non-current.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure on tangible assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

Gains or losses arising from de-recognition of a tangible 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 de-recognized.

(d) Depreciation on tangible assets

Depreciation is provided using the written down value method based on useful lives of the assets as estimated by the management which coincides with the useful lives prescribed under Schedule II to the Act, except for leasehold improvements which are amortized over the lower of the lease period and the useful lives prescribed under the Schedule II to the Act.

(e) Intangible assets

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

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

(f) Goodwill

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

(g) Impairment

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Leases

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

(i) Investments

Investments that are readily realizable 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, if any is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Inventories comprise of trading goods and packing materials.

Trading goods are valued at the lower of cost and net realizable value. Cost includes purchase price excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of trading goods is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business reduced by the estimated costs to affect the sale.

Packing material is carried at cost. Cost of packing material is determined using the first-in-first-out method.

(k) Revenue recognition

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

Sale of goods

Revenue from sale of goods is recognized when the risks and rewards of ownership are transferred to customers, which generally coincides with delivery to the customers and is net of trade discount, sales taxes and value added taxes (VAT), rebates and returns.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

Sale of services

Revenue from services is recognized as the related services are performed. The amount recognized as revenue is exclusive of discounts and taxes.

Sale of services and Licenses

Revenue from the sale of user licenses for software applications is recognized on delivery as per the terms of contract with the customers which constitute transfer of all risk and rewards and has no further obligation under these arrangements. Revenue from support and other services is recognized as the related services are performed.

Dividend

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

(l) Foreign currency transactions

Initial recognition

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

Conversion

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

Exchange differences

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

(m) Retirement and other employee benefits

Defined contribution plans

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.

Defined benefit plans

Gratuity is a post-employment benefit and is a defined benefit obligation. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuary using the projected unit credit method calculated the defined benefit obligations annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the year in which such gains or losses arises.

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognized on the basis of amount paid or payable for the year during which the employees render services.

(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 reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence, that all such deferred tax assets can be realized against future taxable profits. At each balance sheet date the

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

(All amounts in ₹, unless otherwise stated)

Group re-assesses unrecognized deferred tax assets of earlier periods and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realized.

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

(o) Cash and cash equivalents

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

(p) Earnings per equity share

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

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

(q) Provisions and contingent liabilities

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

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

3. Share capital

| | As at 31 March | |
|--|-------------------|-------------------|
| | 2017 | 2016 |
| Authorized share capital | | |
| 28,038,800 (31 March 2016: 28,038,800) equity shares of ₹ 10 each [refer note (f)] | 280,388,000 | 280,388,000 |
| 696,120 (31 March 2016: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each | 69,612,000 | 69,612,000 |
| Issued, subscribed and fully paid-up equity shares | | |
| 8,213,083 (31 March 2016: 8,213,084) equity shares of ₹ 10 each [refer note (f)] | 82,130,830 | 82,130,835 |
| Total issued, subscribed and fully paid-up equity share capital | 82,130,830 | 82,130,835 |

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

| | 31 March 2017 | | 31 March 2016 | |
|--|------------------|-------------------|------------------|-------------------|
| | Number of shares | Amount | Number of shares | Amount |
| At the beginning of the year | 8,213,084 | 82,130,835 | 19,518,485 | 195,184,850 |
| Add: Issue of shares | - | - | 405,690 | 4,056,895 |
| Less : Cancellation of one equity share [refer note (f)] | (1) | (5) | - | - |
| Less: Capital reduction of equity shares | - | - | (11,711,091) | (117,110,910) |
| Balance at the end of the year [refer note (f)] | 8,213,083 | 82,130,830 | 8,213,084 | 82,130,835 |

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of

(c) Details of Shareholders holding more than 5% equity shares in the Company [refer note (f)]

| | 31 March 2017 | | 31 March 2016 | |
|--------------------------------------|------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Stuthi Reddy | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Supriya Reddy Palem | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Sanhita Reddy | 1,000,000 | 12.18% | 1,000,000 | 12.18% |
| Palem Srikanth Reddy | 602,254 | 7.33% | 580,301 | 7.07% |
| Passage to India Master Fund Limited | 459,631 | 5.60% | 221,593 | 2.70% |

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

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

(All amounts in ₹, unless otherwise stated)

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

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

**Number of shares
1 April 2012 to 31
March 2017**

| | |
|--|------------|
| Aggregate number of capital reduction of equity shares | 23,422,182 |
|--|------------|

(f) Consolidation of shares

The Company has consolidated its 2 equity shares of ₹ 5 each into 1 equity share of ₹ 10 each by issuing 8,213,083 shares of ₹10 each and cancelled one equity share of ₹5 from Promoter group as fractional shares can not be allotted. The Company obtained the requisite approval, including approval from the stock exchanges and resumed the trading with face of value ₹10 each effective from 9 May 2016. Accordingly, comparative has been restated to be inline with the current year's face value per share and number of shares after rounding off of fraction shares. The effect of this consolidation of equity shares has been given in computing earnings per share of all the years presented.

4. Reserves and Surplus

| | As at 31 March | |
|---|-----------------------|----------------------|
| | 2017 | 2016 |
| Securities premium account | | |
| Balance at the beginning of the year | 467,129,888 | 651,290,186 |
| Add : Additions during the year | - | 85,194,795 |
| Less: Capital reduction of shares (refer to note 3(e)) | - | (269,355,093) |
| Balance at the end of the year | 467,129,888 | 467,129,888 |
| Capital reserve | | |
| Balance at the beginning of the year | 14,280,000 | 14,280,000 |
| Balance at the end of the year | 14,280,000 | 14,280,000 |
| General reserve | | |
| Balance at the beginning of the year | 132,524,353 | 132,524,353 |
| Balance at the end of the year | 132,524,353 | 132,524,353 |
| Deficit in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (283,972,561) | (116,670,499) |
| Add: Net loss for the year | (112,665,473) | (167,302,062) |
| Less: Transferred to general reserve | - | - |
| Less: Interim dividend on equity shares (amount per share Nil (2014: ₹ 29)) | - | - |
| Less: Dividend distribution tax on equity shares | - | - |
| Add: Contribution by minority | 2,723,956 | - |
| Balance at the end of the year | (393,914,078) | (283,972,561) |
| Total reserves and surplus | 220,020,163 | 329,961,680 |

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

(All amounts in ₹, unless otherwise stated)

5. Long-term provisions

| | As at 31 March | |
|--|----------------|----------------|
| | 2017 | 2016 |
| Provision for gratuity (refer note 26) | 772,939 | 522,977 |
| | 772,939 | 522,977 |

6. Trade payables

There are no micro and small enterprises 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.

7. Other current liabilities

| | As at 31 March | |
|-------------------------------------|-------------------|-------------------|
| | 2017 | 2016 |
| Unpaid dividends* | 1,869,195 | 1,976,166 |
| Unclaimed capital reduction | 810,702 | 855,747 |
| Liabilities for expenses | 17,097,049 | 49,699,152 |
| Payable to customers towards refund | 10,182,069 | - |
| Statutory dues payable | 3,144,445 | 35,158,395 |
| Creditor for capital goods | 162,750 | 421,069 |
| Other payables | 2,829,018 | 2,656,263 |
| | 36,095,228 | 90,766,792 |

* The Company has transferred ₹ 93,536 (31 March 2016: ₹ Nil) to Investor Education and Protection Fund relating to dividend payable upon expiry of 7 years from the date they remain unclaimed.

8. Short-term provisions

| | As at 31 March | |
|--|----------------|------------|
| | 2017 | 2016 |
| Provision for gratuity (refer note 26) | 2,310 | 869 |
| | 2,310 | 869 |

(The space has been intentionally left blank.)

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

(All amounts in ₹, unless otherwise stated)

9. Tangible assets

| | Computers | Office equipment | Furniture and fixture | Vehicles | Electrical installation | Leasehold improvements | Total |
|--|------------------|------------------|-----------------------|----------------|-------------------------|------------------------|-------------------|
| Gross block | | | | | | | |
| As at 1 April 2015 | 3,457,246 | 1,922,682 | 8,273,714 | 55,058 | - | - | 13,708,700 |
| Additions during the year | 3,586,345 | 742,912 | 2,857,663 | - | 585,026 | 998,633 | 8,770,579 |
| As at 31 March 2016 | 7,043,591 | 2,665,594 | 11,131,377 | 55,058 | 585,026 | 998,633 | 22,479,279 |
| Additions during the year | 1,568,166 | 461,958 | 2,370,257 | - | - | 1,182,920 | 5,583,301 |
| Additions on acquisition of subsidiary | - | - | - | 55,547 | - | - | 55,547 |
| As at 31 March 2017 | 8,611,757 | 3,127,552 | 13,501,634 | 110,605 | 585,026 | 2,181,553 | 28,118,127 |
| Accumulated depreciation | | | | | | | |
| Up to 31 March 2015 | 1,680,040 | 1,026,497 | 2,447,206 | 9,178 | - | - | 5,162,921 |
| Charge for the year | 2,260,355 | 527,573 | 1,720,372 | 11,702 | 68,491 | 288,311 | 4,876,804 |
| Up to 31 March 2016 | 3,940,395 | 1,554,070 | 4,167,578 | 20,880 | 68,491 | 288,311 | 10,039,725 |
| Charge for the year | 2,352,093 | 582,352 | 2,105,314 | 8,802 | 133,713 | 694,662 | 5,876,936 |
| Adjustments | - | - | - | - | - | - | - |
| On disposals | - | - | - | - | - | - | - |
| Up to 31 March 2017 | 6,292,488 | 2,136,422 | 6,272,892 | 29,682 | 202,204 | 982,973 | 15,916,661 |
| Net block | | | | | | | |
| As at 31 March 2017 | 2,319,269 | 991,130 | 7,228,742 | 80,923 | 382,822 | 1,198,580 | 12,201,466 |
| As at 31 March 2016 | 3,103,196 | 1,111,524 | 6,963,799 | 34,178 | 516,535 | 710,322 | 12,439,554 |

10. Intangible assets

| | Computer software | Internally developed software | Goodwill | Total |
|---------------------------------|-------------------|-------------------------------|-------------------|-------------------|
| Gross block | | | | |
| As at 1 April 2015 | 4,433,093 | 250,000 | 21,620,434 | 26,303,527 |
| Additions during the year | 1,843,529 | - | 10,875,985 | 12,719,514 |
| As at 31 March 2016 | 6,276,622 | 250,000 | 32,496,419 | 39,023,041 |
| Additions during the year | 673,154 | - | 9,300,974 | 9,974,128 |
| As at 31 March 2017 | 6,949,776 | 250,000 | 41,797,393 | 48,997,169 |
| Accumulated amortization | | | | |
| Up to 31 March 2015 | 1,149,706 | 250,000 | - | 1,399,706 |
| Charge for the year | 879,048 | - | - | 879,048 |
| Up to 31 March 2016 | 2,028,754 | 250,000 | - | 2,278,754 |
| Charge for the year | - | - | - | - |
| Up to 31 March 2017 | 2,028,754 | 250,000 | - | 2,278,754 |
| Net block | | | | |
| As at 31 March 2017 | 4,921,022 | - | 41,797,393 | 46,718,415 |
| As at 31 March 2016 | 4,247,868 | - | 32,496,419 | 36,744,287 |

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

(All amounts in ₹, unless otherwise stated)

11. Long-term loans and advances

| | As at 31 March | |
|--------------------------------------|-------------------|-------------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Capital advances | - | - |
| Advance tax (net of provision) | 10,820,334 | 31,072,671 |
| Balances with government authorities | 6,792,158 | - |
| Deposit with statutory authorities | 4,174,253 | 4,174,253 |
| Security deposits | 2,990,827 | 3,882,327 |
| Other advances | 285,780 | - |
| | 25,063,352 | 39,129,251 |

12. Inventories

| | As at 31 March | |
|--|-------------------|-------------------|
| | 2017 | 2016 |
| Stock-in-trade (at lower of cost and net realizable value) | 40,015,027 | 56,088,481 |
| Packing materials (at cost) | 1,691,207 | - |
| | 41,706,234 | 56,088,481 |

13. Current Investments

| | As at 31 March | |
|--|--------------------|--------------------|
| | 2017 | 2016 |
| Investments in mutual funds, non-trade, quoted (Market value ₹ 203,268,032) | | |
| 9,208,033 (31 March 2016: 13,689,363) units of IDFC Ultra Short term Fund-DD | - | 137,647,916 |
| 4,448,544 (31 March 2016: Nil) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan | 57,890,235 | - |
| 51,674 (31 March 2016: Nil) units of Kotak Floater Short Term - DD | 52,274,462 | - |
| Nil (31 March 2016: 5,685,677) units of IDFC Banking Debt Fund | - | 57,363,103 |
| Nil (31 March 2016: 2,299,842) units Kotak Equity Arbitrage Fund- Monthly Plan | - | 25,046,199 |
| Nil (31 March 2016: 69,737) units Kotak Floater Short Term - Direct Plan-DD | - | 70,547,773 |
| Nil (31 March 2016: 502,174) units Birla Sunlife Cash Plus Liquid Fund | - | 50,315,309 |
| Aggregate amount of quoted investments | 110,164,697 | 340,920,300 |
| Investments in equity instruments of wholly owned subsidiary, trade, unquoted | | |
| 10,000,000 (31 March 2016: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia * | 2,625 | 2,625 |
| Aggregate amount of unquoted investments | 2,625 | 2,625 |
| Total current investments | 110,167,322 | 340,922,925 |

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

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

(All amounts in ₹, unless otherwise stated)

14. Cash and bank balances

| | As at 31 March | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| Cash and cash equivalents | | |
| Cash on hand | 84,543 | 117,685 |
| Balances with banks in current accounts | 14,630,962 | 28,853,128 |
| Fixed deposits with original maturity of less than three months | 9,687 | 9,687 |
| Total cash and cash equivalents (a) | 14,725,192 | 28,980,500 |
| Other bank balances | | |
| Balance in unpaid dividend account (year: 2008-09) | - | 93,536 |
| Balance in unpaid dividend account (year: 2013-14) | 1,869,195 | 1,881,955 |
| Balance in unpaid capital reduction account | 810,702 | 855,747 |
| Fixed deposits with original maturity of more than three months but less than twelve months | - | - |
| Total other bank balances (b) | 2,679,897 | 2,831,238 |
| Total cash and bank balances (a)+(b) | 17,405,089 | 31,811,738 |

15. Short-term loans and advances

| | As at 31 March | |
|-------------------------------------|------------------|------------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Prepaid expenses | 1,396,199 | 1,873,555 |
| Vendor and employee advances | 4,683,093 | 4,247,437 |
| Service tax receivable | 72,500 | 72,500 |
| Others | 161,826 | 472,569 |
| | 6,313,618 | 6,666,061 |

16. Other current assets

| | As at 31 March | |
|-------------------------------------|-------------------|-------------------|
| | 2017 | 2016 |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | - | 13,341 |
| Due from collection agency | 21,116,615 | 10,836,235 |
| | 21,116,615 | 10,849,576 |

17. Revenue from operations

| | For the year ended 31 March | |
|------------------|-----------------------------|--------------------|
| | 2017 | 2016 |
| Sale of goods | 297,656,607 | 380,993,077 |
| Sale of services | 113,016,212 | - |
| Sale of licenses | 1,000,000 | 840,000 |
| | 411,672,819 | 381,833,077 |

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

(All amounts in ₹, unless otherwise stated)

18. Other income

| | For the year ended 31 March | |
|-----------------------------------|-----------------------------|-------------------|
| | 2017 | 2016 |
| Dividend income from mutual funds | 14,042,154 | 30,651,009 |
| Service tax refund | 701,677 | - |
| Miscellaneous income | 1,074,351 | 39,161 |
| | 15,818,182 | 30,690,170 |

19. Changes in inventories of stock-in-trade

| | For the year ended 31 March | |
|---|-----------------------------|--------------------|
| | 2017 | 2016 |
| Inventory at the beginning of the year | 56,088,481 | 46,619,726 |
| Inventory at the end of the year | (40,015,027) | (56,088,481) |
| Decrease/(increase) in inventories of stock-in-trade | 16,073,454 | (9,468,755) |

Details of traded goods purchased:

| | For the year ended 31 March | |
|---------------------|-----------------------------|--------------------|
| | 2017 | 2016 |
| Smart watches | 41,669,191 | 43,351,592 |
| Headsets/Headphones | 14,041,792 | 32,701,650 |
| Powerbanks | 9,471,565 | 34,633,692 |
| Mobile accessories | 27,246,566 | 29,225,782 |
| Fashion accessories | 50,916,385 | - |
| Others | 7,074,636 | 12,792,797 |
| | 150,420,134 | 152,705,513 |

20. Employee benefits expense

| | For the year ended 31 March | |
|--|-----------------------------|-------------------|
| | 2017 | 2016 |
| Salaries and wages | 53,340,701 | 42,507,511 |
| Contribution to provident and other funds (refer note (a)) | 3,520,002 | 2,557,401 |
| Gratuity (refer note 26) | 240,248 | 406,828 |
| Staff welfare expenses | 2,631,698 | 1,995,900 |
| | 59,732,649 | 47,467,640 |

(a) Disclosure related to defined contribution plan

| | For the year ended 31 March | |
|---------------------------------------|-----------------------------|------------------|
| | 2017 | 2016 |
| Provident fund contribution | 2,727,969 | 2,066,949 |
| Employee state insurance contribution | 792,033 | 490,452 |
| | 3,520,002 | 2,557,401 |

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

(All amounts in ₹, unless otherwise stated)

21. Finance Costs

| | For the year ended 31 March | |
|--|-----------------------------|------------------|
| | 2017 | 2016 |
| Interest on delayed payment of service tax | - | 3,787,110 |
| | - | |
| | | 3,787,110 |

22. Other expenses

| | For the year ended 31 March | |
|--|-----------------------------|--------------------|
| | 2017 | 2016 |
| Rent | 7,144,334 | 6,954,240 |
| Rates and taxes | 16,465,969 | 15,119,565 |
| Repairs and maintenance - Others | 6,210,285 | 3,207,246 |
| Freight charges | 1,315,271 | 1,314,571 |
| Insurance | 103,551 | 119,901 |
| Office maintenance | 6,237,321 | 6,448,872 |
| Business promotion expenses | 120,763,944 | 248,391,291 |
| Advertisement and recruitment | 229,370 | 643,420 |
| Postage and courier | 377,677 | 488,216 |
| Power and fuel | 2,129,750 | 2,930,229 |
| Travelling and conveyance | 3,193,172 | 4,133,419 |
| Delivery charges | 112,530,972 | 99,055,462 |
| Donations | - | 475,000 |
| Legal and professional expenses | 6,491,145 | 8,532,289 |
| Hosting expenses | 10,471,631 | 14,148,503 |
| Refunds | - | 2,931,443 |
| Communication expenses | 548,476 | 241,824 |
| Payments to auditor (refer note (a)) | 2,250,678 | 2,479,499 |
| Packing material | 7,589,771 | 6,630,506 |
| Foreign exchange difference, net | 46,970 | 554,409 |
| Due from collection agencies written off | 1,518,815 | - |
| Bank charges | 115,226 | 303,600 |
| Sitting Fees | 20,000 | 530,000 |
| Miscellaneous expenses | 1,669,505 | 1,377,365 |
| | 307,423,833 | 427,010,870 |

(a) Payment to auditor

| | For the year ended 31 March | |
|---------------------------------|-----------------------------|------------------|
| | 2017 | 2016 |
| - As auditor | 2,135,285 | 2,302,218 |
| - Other services | 91,553 | 148,656 |
| - For Reimbursement of expenses | 23,840 | 28,625 |
| | 2,250,678 | 2,479,499 |

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

(All amounts in ₹, unless otherwise stated)

23. Contingent Liabilities

| | For the year ended 31 March | |
|---|-----------------------------|-------------|
| | 2017 | 2016 |
| Claims against company not acknowledged as debt - income tax* | 114,381,016 | 112,260,670 |

* In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

| Names of the related party | Nature of relationship |
|----------------------------|----------------------------------|
| Mr. Palem Srikanth Reddy | Key management personnel ('KMP') |
| Ms. Supriya Reddy | Relative of KMP |

(b) Nature of transactions

| | For the year ended 31 March | |
|---|-----------------------------|-----------|
| | 2017 | 2016 |
| Mr. Palem Srikanth Reddy | | |
| -Remuneration | 3,000,000 | 3,000,000 |
| -Purchase of equity shares of Thati Consultants Private Limited | 1,124,840 | - |
| -Purchase of beneficial interest in equity shares | 90,000 | - |
| Mrs. Supriya Reddy | | |
| -Office Rent | 2,758,000 | 2,736,000 |

(c) Balances receivable/(payable)

| | As at 31 March | |
|---------------------------|----------------|-----------|
| | 2017 | 2016 |
| Mrs. Supriya Reddy | | |
| -Security deposit | 1,200,000 | 1,200,000 |

25. Additional disclosures pursuant to Clause X of Schedule III of the Companies Act, 2013

Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

| Particulars | Specified Bank Notes | Other denomination notes | Total |
|--|----------------------|--------------------------|---------------|
| Closing cash in hand as on 8 November 2016 | 71,500 | 90,273 | 161,773 |
| Add : Permitted receipts | - | 314,198 | 314,198 |
| Less : Permitted payments | - | (304,873) | (304,873) |
| Less : Amounts deposited in Banks | (71,500) | - | (71,500) |
| Closing cash in hand as on 30 December 2016 | - | 99,598 | 99,598 |

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

26. Defined benefit plan – gratuity

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

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

| | As at 31 March | |
|--|----------------|----------------|
| | 2017 | 2016 |
| Obligation at the beginning of the year | 523,846 | 117,018 |
| Current service cost | 538,349 | 340,747 |
| Interest cost on benefit obligation | 41,134 | 10,113 |
| Net actuarial (gain)/loss | (339,235) | 55,968 |
| Liabilities transferred | 11,155 | - |
| Obligation at the end of the year | 775,249 | 523,846 |

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

| | As at 31 March | |
|-------------------------------------|----------------|----------------|
| | 2017 | 2016 |
| Current service cost | 538,349 | 340,747 |
| Interest cost on benefit obligation | 41,134 | 10,113 |
| Net actuarial (gain)/losses | (339,235) | 55,968 |
| | 240,248 | 406,828 |

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

| | As at 31 March | |
|-------------------------------|----------------|----------|
| | 2017 | 2016 |
| Discount rate | 7.22% | 7.72% |
| Retirement Age | 58 years | 58 years |
| Salary escalation | 7.00% | 7.00% |
| Attrition rate | | |
| For service 4 years and below | 30.00% | 17.00% |
| For service 5 years and above | 2.00% | 17.00% |

The Group has not invested the accrued liability as of 31 March 2017. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

27. Registration under section 45-IA of the Reserve Bank of India Act, 1934

The Company's principal objectives are to carry out activities relating to Information Technology Products and Services. However, subsequent to sale of its core IT business in the financial year ended on 31 March 2014, the Company has acquired significant investments in its subsidiary companies and as a result, investments in financial assets exceed 50 per cent of the total assets and income from such financial assets exceeds 50 per cent of the gross income of the Company. The Board and the management of the Company are presently evaluating multiple business options including IT services. On the basis of assessment of the nature of business of the Company, duly supported by an independent opinion from an expert, the management is of the view that the Company is not a non-banking financial company under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the Company currently has no reportable primary segment and the segment reporting is not applicable to the Company.

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

(All amounts in ₹, unless otherwise stated)

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

| | As at 31 March 2017 | | For the year ended 31 March 2017 | | As at 31 March 2016 | | For the year ended 31 March 2016 | |
|--|--|--------------------|------------------------------------|----------------------|--|--------------------|------------------------------------|----------------------|
| | Net assets (Total assets - Total liabilities) | | Share in profit or loss | | Net assets (Total assets - Total liabilities) | | Share in profit or loss | |
| | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount |
| Parent | 183% | 553,290,300 | 26% | (29,637,797) | 141% | 582,928,102 | 6% | (9,881,372) |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| POT | 9% | 26,790,953 | 78% | (87,851,507) | 10% | 40,784,961 | 117% | (196,388,218) |
| PTS | 13% | 38,959,280 | 10% | (11,321,898) | 12% | 50,281,178 | 5% | (8,854,311) |
| TCPL | 0% | 68,392 | -0% | 211,334 | | | | |
| USA | | | | | | | | |
| PTS Inc. | 4% | 11,091,740 | 0% | (382,582) | 3% | 11,474,322 | 0% | (591,313) |
| Minority interests in all subsidiaries | 0% | 1,256,590 | 14% | (16,316,977) | 2% | 8,506,832 | -29% | 48,413,152 |
| Total | 209% | 631,457,255 | 129% | (145,299,427) | 168% | 693,975,395 | 100% | (167,302,062) |
| Consolidation adjustments | -109% | (329,306,262) | 29% | (32,633,954) | -68% | (281,882,880) | 0% | - |
| Net amount | 100% | 302,150,993 | 100% | (112,665,473) | 100% | 412,092,515 | 100% | (167,302,062) |

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

29. Exceptional item

Loans and advances as at 31 March 2017 includes ₹ 7,791,886 relating to foreign tax credits for the financial years 2010-11, 2011-12 and 2012-13. Upon completion of tax assessments for these financial years, the Company had the taxable losses and accordingly was not able to utilize the foreign tax credits. On a detailed evaluation of these advances and based on management's assessment, the Board has considered to create provision against such advances which have been categorized as exceptional items.

30. Segment reporting

The Company's business model and considering the internal financial reporting has identified "Trading online in computers, mobiles, electronic products, fashion accessories and providing related services" 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.

31. Acquisition

PTS acquired 3,688 equity shares of ₹ 1,000 each of TCPL at ₹ 305 per equity share, representing 100% equity shares of TCPL for cash consideration of ₹ 1,124,840. Accordingly, effective 27 December 2016, TCPL has become a wholly owned subsidiary. The effect of acquisition of TCPL on the financial position as included in the consolidated financial statements as at 27 December 2016 are given below:

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

(All amounts in ₹, unless otherwise stated)

| | As at 27 December 2016 |
|-------------------------------|---------------------------|
| Equity and liabilities | |
| (a) Share capital | 3,688,000 |
| (b) Reserves and surplus | (3,830,942) |
| (c) Trade payables | 235,000 |
| Total | 92,058 |
| Assets | |
| (a) Fixed assets | 55,547 |
| (b) Cash and bank balances | 36,511 |
| Total | 92,058 |

The effect of acquisition of TCPL on the total revenues amounting to ₹ 235,000, net profit amounting to ₹ 211,334 and net cash outflows amounting to ₹ 23,666 are considered in the consolidated financial statements for the year ended 31 March 2017.

32. Previous year comparatives

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

33. Subsequent events

1. Pursuant to the approval of members in the Extra Ordinary General Meeting dated 8 April 2017, the Company has allotted 1,519,483 equity shares of ₹ 10 each at a premium of ₹135 per equity share.

2. Subsequent to the year ended 31 March 2017, the Company has invested in 1,606,942 equity shares of ₹10 each of Palred Online Technologies Private Limited, a subsidiary of the Company, at a premium of ₹ 52.23 per share aggregating to ₹ 100,000,000.

34. Additional information

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

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

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

For Walker Chandio & Co LLP
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : 26 May 2017

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

Palem Srikanth Reddy
Chairman and Managing Director
DIN : 00025889

Richa Patanik
Director
DIN : 07274527

Place: Hyderabad
Date : 26 May 2017

S.Vijaya Saradhi
Director
DIN : 03089889

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200AP1999PLC033131

Name of the company : Palred Technologies Limited

Registered office: Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills, Hyderabad, Telangana – 500034.

Tel: 91-40-66384916, Fax: 91-40-66384915 E-mail: company@palred.com, Website: www.palred.com

| | |
|-----------------------|--|
| Name of Member(s) | |
| Registered Address | |
| Email | |
| Folio no: / Client ID | |
| DP ID | |

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

Name:.....Email.....

Address:.....

.....Signature:..... or failing him/her

Name:.....Email.....

Address:.....

.....Signature:..... or failing him/her

Name:.....Email.....

Address:.....

.....Signature:..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, September 28, 2017 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 and at any adjournment thereof in respect of such resolutions as are indicated below:

| S.No. | Particulars |
|-------|---|
| 1. | Approval of financial statements for the year ended 31.03.2017. |
| 2. | Appointment of statutory auditors and fixation of their remuneration. |

Signed this day of..... 2017

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.

(This space has been intentionally left blank)

PALRED TECHNOLOGIES LIMITED

CIN: L72200AP1999PLC033131

Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills,
Hyderabad, Telangana – 500034. Tel: 91-40-66384916, Fax: 91-40-66384915
E-mail: company@palred.com Website: www.palred.com

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

| | |
|---|--|
| 18 th Annual General Meeting - | |
| Folio No. | |
| Client ID | |
| Number of shares held | |

I hereby certify that I am a member/proxy/authorised Representative of the Company.

I hereby record my presence at the 18th Annual General Meeting of the members of the company to be held on Thursday, September 28, 2017 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 and at any adjourned meeting thereof.

Shareholders/Proxy's full name
(In block letters)

Shareholders/Proxy's Signature

No. of shares held

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

Route map for AGM



(This space has been intentionally left blank)

Form No. MGT-12
POLLING PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200AP1999PLC033131

Name of the Company : Palred Technologies Limited

Registered office : Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills,
Hyderabad, Telangana – 500034.

| BALLOT PAPER | | | | |
|---|--|--------------------------------|----------------------------|-------------------------------|
| SI. No | Particulars | Details | | |
| 1. | Name of the First Named Shareholder (In block letters) | | | |
| 2. | Postal address | | | |
| 3. | Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form) | | | |
| 4. | Class of Share | | | |
| I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner: | | | | |
| No | Item No. | No. of shares held by me | I assent to the resolution | I dissent from the resolution |
| 1. | Adoption of Financial Statements. | | | |
| 2. | Appointment of Auditors. | | | |
| Place: | | (Signature of the shareholder) | | |
| Date: | | | | |

(This space has been intentionally left blank)

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, Telangana
Website: www.palred.com
E-mail- company@palred.com
Ph: 040-66384915/16