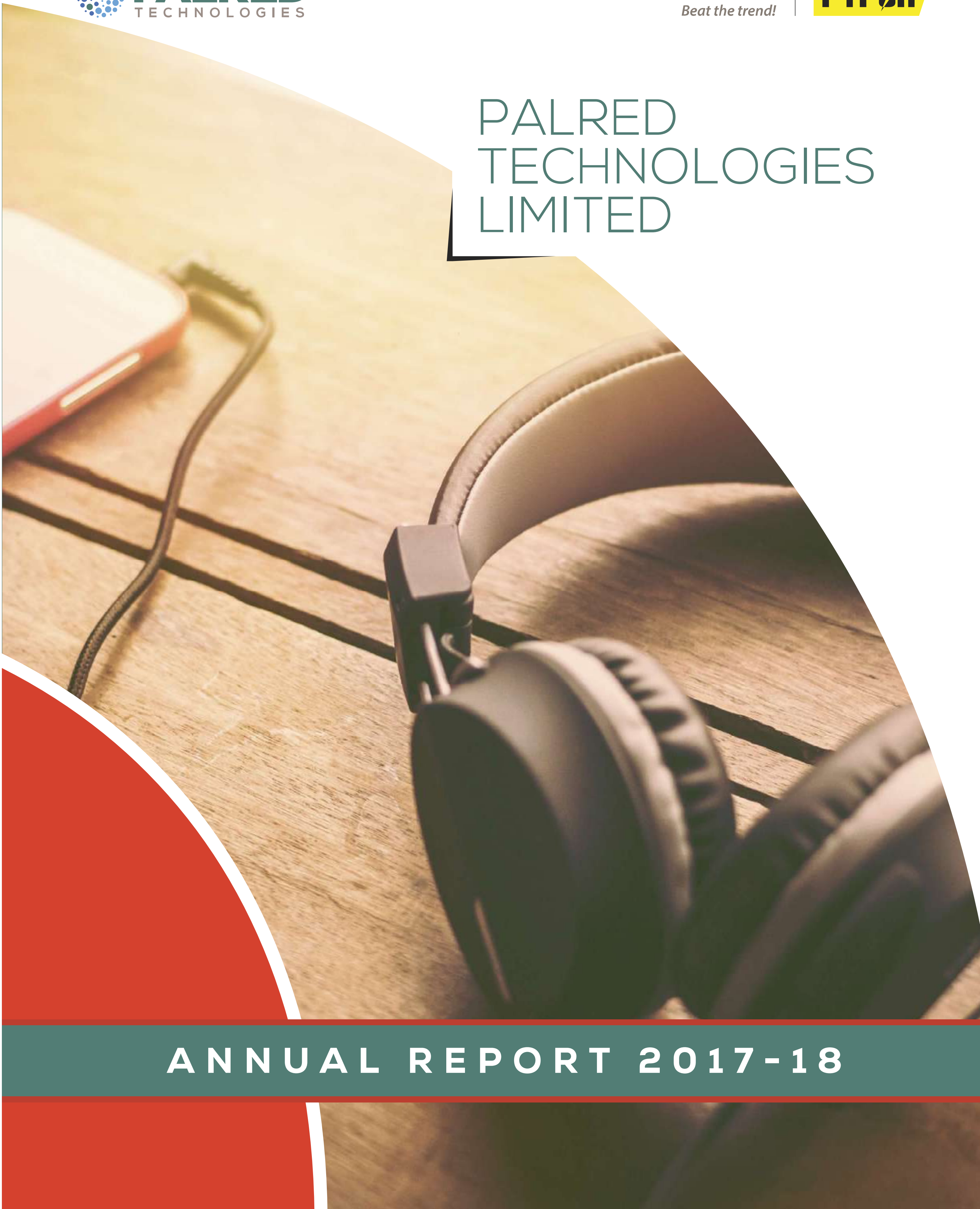
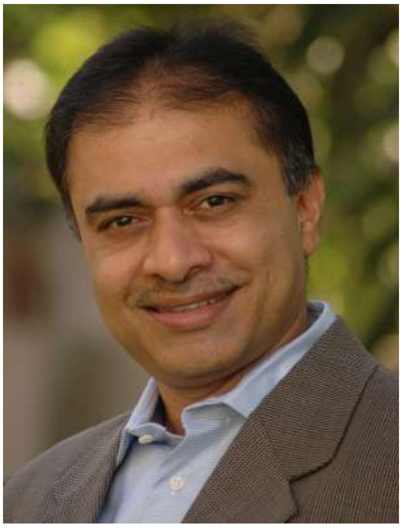
PALRED TECHNOLOGIES LIMITED



ANNUAL REPORT 2017-18

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 Chandiok & Co., LLP** Chartered Accountants Begumpet, Hyderabad
INTERNAL AUDITOR:	**M/s. Laxminiwas & Co.** 402 & 602, Moguls Court, BasheerBagh, Hyderabad - 500 001
SECRETARIAL AUDITOR:	**M/s. S.S.Reddy & Associates** Practicing Company Secretaries Plot No. 8-2-603/23/3 & 8-2-603/23, 15, 2nd Floor, HSR Summit, Banjara Hills, Road No. 10, Hyderabad, Telangana - 500034
BANKERS:	Kotak Mahindra Bank Limited | ICICI Bank Limited State Bank of India | HSBC Bank
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: 040-67162222,040-67161526, 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



Dear Shareholders,

I take pleasure in presenting the Nineteenth 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 (POT) which owns and operates www.LatestOne.com, a mobile accessories focused ecom site & PTron, a mobile accessories brand and Palred Technology Services Private Limited (PTS), a Company focused on end to end solutions for e-commerce companies.

LatestOne.com has shown continuous growth since its launch in October 2014 and continued to perform well in FY 2017-18. E-commerce Industry is facing several challenges especially in terms of scalability due to high advertisement costs and competition from heavily funded Market place businesses, of late LatestOne too is facing these challenges. To mitigate these risks, the Company has started selling their products on large marketplaces like Amazon and Flipkart. The Company is also focusing on building PTron brand.

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

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

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

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

Thank you

Palem Srikanth Reddy
Chairman & Managing Director

Notice to the 19th Annual General Meeting

NOTICE

Notice is hereby given that the 19th Annual General Meeting of members of Palred Technologies Limited will be held on Thursday, the 27th day of September, 2018 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 audited standalone and consolidated financial statements of the Company for the financial year ended 31st March 2018, together with the report of the Board of Directors 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, 2019 as may be determined by the Audit Committee in consultation with the Auditor from time to time."

   SPECIAL BUSINESS:

3. **RE-APPOINTMENT OF MR. PALEM SRIKANTH REDDY (DIN: 00025889) AS MANAGING DIRECTOR OF THE COMPANY:**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company the consent of the members of the Company be and is hereby accorded to reappoint Mr. Palem Srikanth Reddy (DIN: 00025889) as Managing Director of the Company for a period of five years with effect from 18.07.2018 to 17.07.2023 and to pay such remuneration as per terms and conditions as recommended by the nomination and remuneration committee and as set out in the explanatory statement annexed to the notice".

   "**RESOLVED FURTHER THAT** in terms of Schedule V of the Companies Act, 2013, as amended from time to time, the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits".

   "**RESOLVED FURTHER THAT** in the event of losses or inadequacy of profits during his tenure the Company shall pay to Mr. Palem Srikanth Reddy, remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time".

   "**RESOLVED FURTHER THAT** the Board is here by authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard."

4. **SHIFTING OF REGISTERED OFFICE OF THE COMPANY FROM THE STATE OF TELANGANA TO THE STATE OF ANDHRA PRADESH:**

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

   "**RESOLVED THAT** subject to the provisions of Sections 12, 13 and other applicable provisions, if any, of Companies Act, 2013, read with relevant rules applicable, if any, (including any statutory modification(s) or reenactment thereof, for the time being in force), and relevant provisions of the Articles of Association of the Company and subject to the approval of Statutory authorities including inter-alia or Ministry of Corporate Affairs/the Central Government and such other approvals, permissions and sanctions, as may be required from time to time, consent of the members/shareholders of the Company be and is hereby granted for shifting of Registered Office of the Company from the State of Telangana to the State of Andhra Pradesh at and that Clause II of the Memorandum of Association of the Company be substituted and replaced as under."

   "II. The Registered office of the Company will be situated in the State of Andhra Pradesh."

   "**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any person(s) authorised by the Board to exercise its powers including the powers conferred by this Resolution) or any officer so authorised by the Board, be and are hereby authorised on behalf of the Company to do all acts, deeds and things, necessary and/or incidental in this regard, including filing of necessary application(s) with the concerned statutory authorities, including inter-alia Regional Director, jurisdictional Registrar, Ministry of Corporate Affairs, to make any modifications, changes, variations, alterations or revisions stipulated by any one of the authorities, statutory or otherwise, while according approval, consent as may be considered necessary and to appoint counsels and advisors, file applications/petitions, issue notices, advertisements, obtain orders for shifting of registered office from the concerned authorities and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard, without requiring the Board to secure any further consent or approval of the Shareholders of the Company.

"RESOLVED FURTHER THAT after the obtaining of permission/approval of change of registered office from the Central Government, the registered office of the Company be shifted from H. No. 8-2-703/2/B, Plot. No. 2 Road. No.12, Banjara Hill, Hyderabad, Telangana- 500034, India" to Survey No.1240, (V) Nannur (M) Orvakal (D) Kurnool, Andhra Pradesh-518002 , India."

"RESOLVED FURTHER THAT the Board be and are hereby authorised on behalf of the Company to do all acts, deeds and things, necessary and/or incidental in this regard, including the issue of certified true copies of the said resolution."

5. **To authorize Board of Directors to enhance the Investment under Section 186 of the Companies Act, 2013**

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

"RESOLVED THAT pursuant to provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the Act) read with Companies (Management and Administration) Rules, 2014 and the provisions of the Articles of Association of the Company and subject to other statutory approvals, consents, sanctions and permissions, as may be necessary, Consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers, including the powers conferred by this resolution);in acquisition of Securities of any body corporate or for giving loans, guarantees or providing securities to any body corporate or other person / entity whether in India or outside India from time to time and in one or more trenches, for such amount(s) as the Board may in its absolute discretion determine provided that the aggregate outstanding amount of investment(s) / loan(s) / guarantee(s) / security(ies) / investments already given / made / held by Company if any) shall not any time exceed INR 100/- Crores (Indian Rupees One Hundred Crores only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and finalise in its absolute discretion the terms and conditions, in respect of the above mentioned investment(s) in bodies corporate (including subsidiary company) including but not limited to timing, the amount and the nature of each such investment(s) in subsidiary companies (including their overseas subsidiaries), with power to transfer, sell, settle or otherwise dispose off the same, from time to time and to do all such acts, deeds, matters and things, as may be necessary and / or expedient to give effect to this resolution."

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

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. Statement setting out material facts (Explanatory Statement) pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business as set out in the Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2018 to 27.09.2018 (Both days inclusive).

4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.

5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.

6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.

7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.

8. 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.

9. 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.)

10. 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.

11. 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.

12. Members are requested to send their queries at least 7 days before the date of meeting so that information can be made available at the meeting.

13. 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.

14. 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.

15. Electronic copy of the Annual Report for 2017-2018 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 2017-2018 is being sent in the permitted mode.

16. Members may also note that the Notice of the 19th Annual General Meeting and the Annual Report for 2017-2018 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.

17. SEBI has decided that securities of the listed companies can be transferred only in dematerialized form which effective from cut off date being 05.12.2018. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.

18. **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 24, 2018 (09.00 am) to September 26, 2018 (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 20, 2018, 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.

19. **Procedure and instructions for e-voting**

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

i. Open your web browser during the voting period and navigate to 'https://evoting.karvy.com

ii. Enter the login credentials (i.e., user-id & password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote:

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

iii. After entering these details appropriately, click on "LOGIN".

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

v. After changing password, you need to login again with the new credentials.

vi. On successful login, the system will prompt to select the "Event" i.e. Palred Technologies Limited.

vii. On the voting page, enter the number of shares (which represents number of votes) as on the cut-off date under "FOR/AGAINST/ABSTAIN" against the resolution or alternatively you may partially enter any number in "FOR" , partially in "AGAINST" and partially in "ABSTAIN" but the total number in "FOR/AGAINST/ABSTAIN" taken together should not exceed your total shareholding.

viii. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution.

ix. Corporate/Institutional Members (corporate / 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: ssrfcs@gmail.comwith 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 24th of September, 2018 at 09.00 A.M and ends on 26th of September, 2018 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. M/s. S.S Reddy & Associates, Practicing Company Secretaries 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 27.09.2018 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 20.09.2018. 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. B. Venkata Kishore, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail : E-Mail: kishore.bv@karvy.com or einward.ris@karvy.com, Phone : 040-6716 1585.

L. Members who have acquired shares after the dispatch of the Notice and before the Cut-off date may obtain the user ID by approaching Mr. B.V. Kishore, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail: einward.ris@karvy.com, Phone: 040-67162222, for issuance of the user ID and password for exercising their right to vote by electronic means.

20. 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 20th September, 2018.

21. 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.

22. 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. to5.00 P.M. up to the date of Annual General Meeting.

23. 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
Managing Director
(DIN: 00025889)

Place: Hyderabad
Date: 14.08.2018

EXPLANATORY STATEMENT

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

ITEM NO.3:

Mr. Palem Srikanth Reddy (DIN: 00025889) earlier was appointed as Managing Director of the Company for a period of 5 years with effect from 18.07.2013 to 17.07.2018 at the 14th Annual General Meeting held on 27.11.2013.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 30.05.2018, approved the re-appointment of Mr. Palem Srikanth Reddy (DIN: 00025889) as Managing Director of the Company for a term of five years commencing from 18.07.2018 to 17.07.2023.

The Board of Directors recommends the passing of the above resolution as an Ordinary Resolution set out in the item no. 3.

Save and except Mr. Palem Srikanth Reddy (DIN: 00025889) Managing Director, none of the other Directors/Key Managerial Personnel and their relatives is in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. **GENERAL INFORMATION:**

1.	**Nature of Industry : Software & development**
2.	Date or expected date of commencement of commercial: The Company started its commercial operations in the year 1999
3.	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable
4.	Financial performance based on given indications
5.	Foreign investments or collaborations, if any: Not Applicable

Particulars	2017-18 (Rs. in lakhs)	2016-17 (Rs. in lakhs)	2015-16 (Rs. in lakhs)
Total Income	231.53	117.85	220.00
Net profit/loss after Tax	71.83	(296.75)	(988.14)

II. **INFORMATION ABOUT THE APPOINTEE:**

1.	Background Details: Mr. Palem Srikanth Reddy, aged about 55 years and he has an MS (Industrial Engineering & Engineering Management) from Stanford University, USA, and BE (Industrial Engineering) from REC Trichy, India. From 1989 till 1995, he was employed at the Asia Pacific distribution operation of Hewlett Packard in Singapore. Srikanth's success, understanding and exposure to international transportation, logistics and distribution businesses enabled him to have the maximum contacts and reach among the global transportation industry.
2.	Past Remuneration: Rs. 30,00,000 p.a.
3.	Recognition or awards : Not Applicable
4.	Job Profile and his suitability: Palem Srikanth Reddy, Chairman of Palred Technologies Limited (formerly known as Four Soft Limited) is a technocrat-entrepreneur-politician. He is a graduate of Stanford University and worked at Hewlett Packard before returning to India. He was the local joint venture partner of UPS in India and then founded Four Soft Limited in 2000, which became a public listed company in 2004. After sale of business to Francisco Partners in 2013, the name was changed to Palred Technologies limited and Mr. Srikanth continues as the executive Chairman of PTL which manages three subsidiaries / start-ups in technology & ecommerce area.
5.	Remuneration proposed: As set out in the explanatory statement for the item No.3 the remuneration to Mr. Palem Srikanth Reddy, Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. Palem Srikanth Reddy and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, he is not having any other Pecuniary relationship directly or indirectly with the Company.

III. OTHER INFORMATION:

1.	Reasons for inadequate profits: The Company is in the mode of expansion of the business which generally requires spending lot of money upfront leading to minimal profits in the initial years. All this expenditure will result in to revenues over a period of next two to three years.
2.	Steps taken or proposed to be taken for improvement: Necessary efforts are being made to increase the clientele who in turn contribute for the growth of the business as well as the profitability.
3.	Expected increase in productivity and profit in measurable terms: The company is committed to build the business operations within budget and considering that the business operates on a going concern basis, it is believed that financial position of the company will improve considerably in the coming years.

ITEM NO.4:

The Company's registered office is presently situated at Hyderabad in the state of Telangana. Presently the Company is engaged in the business of information Technology and other related activities etc. and operational and business activities of the Company are undertaken from its Kurnool situated office in the state of Andhra Pradesh and it is proposed that the Registered Office of the Company be shifted to the Kurnool situated office in the state of Andhra Pradesh. Such a change would enable the Directors to guide the Company more effectively and efficiently and also result in operational convenience. The Board of directors at their meeting held on 14.08.2018 has decided to shift the registered office of the Company from the state of Telangana to the state of Andhra Pradesh.

The proposed resolution requires the Company to amend the relevant clause contained in the Memorandum of Association for shifting the registered Office from the state of Telangana to the state of Andhra Pradesh.

In terms of Section 12, 13 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder shifting of the registered office from one State to another and alteration of the Memorandum of Association requires the approval of Members by way of Special Resolution.

After the proposal is approved by the Members, a petition is required to be made, under Section 13(4) of the Companies Act, 2013, to the Central Government for approval of the alteration to the Memorandum of Association of the Company pursuant to shift the Company's registered office from the State of Telangana to the State of Andhra Pradesh.

The Board recommends the resolution to the Members for their consideration and approval.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at item no. 4 of the Notice of AGM.

ITEM NO.5:

Pursuant to the provisions of section 186 of the Companies Act, 2013, the Board of Directors shall not except with the approval of the Company shall directly or indirectly:

- give any loan to any person or other body corporate;
- give any guarantee or provide security in connection with a loan to any other body corporate or person; and
- acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent (60%) of its paid-up share capital, free reserves and securities premium account or one hundred percent (100%) of its free reserves and securities premium account, whichever is more.

By this proposal, it is proposed to pass enabling resolution authorizing board of directors or any of its committee of the company to make investment or give loan, guarantee or provide security upto INR 100 Crores (Indian Rupees One Hundred Crore Only) at any point of time.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution except to the extent of their directorships and shareholding in the bodies corporate in which Loans / Investments / Guarantee / Securities may be made pursuant to this Special Resolution.

Your Board recommends passing of the resolution as set out at Item No. 5 as a Special Resolution.

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

DIRECTORS' REPORT

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

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Palred') along with the audited "Financial statement for the "Fiscal Year ended March 31, 2018. 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, 2018 has been as under: (Amount in Rs.)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Turnover/Income (Gross)	231.53	117.86	5,380.95	4,274.91
Loss before Finance charges, Depreciation, Taxation and Exceptional item	94.46	(123.31)	(549.65)	(1062.44)
Less: Finance charges (excluding amount capitalized)	0	0	3.94	0
Loss before Depreciation, Taxation and Exceptional item	94.46	(123.31)	(553.59)	(1062.44)
Less : Depreciation	22.63	20.96	88.70	75.74
Loss before Taxation and Exceptional item	71.84	(144.26)	(642.29)	(1,138.18)
Less: Exceptional item	0	77.92	0	77.92
Loss before Tax	71.84	(222.18)	(642.29)	(1,216.10)
Less : Current tax	0	74.57	0	74.57
Less: Deferred Tax benefits	0	0	0	0
Less : Taxes of earlier years	0	0	0	0
Loss after Tax	71.84	(296.75)	(642.29)	(1,293.22)

2. **Performance Review**

Revenues – standalone

During the year under review, the Company has recorded an income of Rs. 231.53 Lakhs and profit of Rs. 71.84 Lakhs as against the income of Rs. 117.86 Lakhs and loss of Rs. 296.75 Lakhs in the previous financial year ending 31.03.2017.

Revenues – Consolidated

During the year under review, the Company has recorded an income of Rs. 5,380.95 Lakhs and loss of Rs. 642.29 Lakhs as against the income of Rs. 4,274.91 Lakhs and loss of Rs. 1,290.67 Lakhs in the previous financial year ending 31.03.2017.

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

3. **Transfer to reserves:**

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

4. **Material changes & commitment affecting the financial position of the Company**

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

5. **Significant & material orders passed by the Regulators or Courts or Tribunals**

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

6. **Revision of financial statements:**

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

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. **Dividend:**

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

9. **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.

10. **Consolidated Financial Statements:**

The consolidated financial statements of the Company are prepared in accordance with applicable Ind AS notified by Ministry of Corporate Affairs and form part of this annual report.

11. Indian Accounting Standards:

Your Company has adopted Indian Accounting Standard (Ind AS) notified by MCA and the relevant provision of the Companies Act, 2013 and the general circulars issued by the Ministry of Corporate Affairs from time to time.

The significant accounting policies which are consistently applied have been set out in the notes to the Financial Statements.

12. Subsidiaries:

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014, a Statement containing the salient features of the financial statements of subsidiaries as on March 31, 2018 in Form AOC-1 is annexed herewith as **Annexure- B** to this report. Below are the descriptive details about the subsidiaries;

13. Investment in Subsidiaries:

During FY 2017-18, the Company had infused a capital of 13 Crores in its Subsidiaries, Palred Online Technologies Private Limited and Palred Technology Services Private Limited by subscribing to its equity shares.

14. Brand Protections:

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

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

15. Training of Independent Directors:

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

16. Independent Director's familiarization programmes

The Company continued with its Independent directors' familiarization program for familiarizing them with company's operations, regulatory and critical aspects which would enable them to effectively discharge responsibilities and functions conferred on them. Programs undertaken during the year include:

i. Corporate Strategy & plans of action

ii. GST & SAP implementation and its impact

iii. Workshop on Board Dynamics

iv. Investment of surplus funds, & project status

v. Risk analysis & mitigation framework of the Company

vi. SEBI Regulations & other Statutory laws

vii. Companies Act, 2013 & Amendment rules & regulations

Details of familiarization programme imparted is placed on the Company's website and its web link is http://www.palred.com

17. Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Act and the Listing Regulations, the Board had carried out performance evaluation of its own, the Board Committees and of the Independent directors. Further, Independent Directors at a separate meeting evaluated performance of the Non Independent Directors, Board as a whole and of the Chairman of the Board.

Manner in which the evaluation has been carried out and matters incidental thereto, have been detailed in the Report on Corporate Governance, which forms part of this report

18. Managerial Remuneration and particulars of employees

Information pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure- D** to this report.

Information pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the top ten names and other particulars of employees also form part of this report. However, this information is not sent along with this report pursuant to the proviso to Section 136(1) of the Act. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at the registered office address of the Company.

19. Number of Board and Committee Meetings:

Pursuant to Section 134(3) (b), details of Board Meetings held during the year are given in Corporate Governance (**Annexure- F**) part of this report.

During the year eight board meetings and four audit committee meetings & four Stakeholder Relationship Committee Meetings and two Nomination & Remuneration committee meetings were held, details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

A separate meeting of Independent Directors, pursuant to Section 149(7) read with Schedule VI of the Companies Act, 2013 and Regulation 25 of the Listing Regulations was held on 14 February, 2018.

20. 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. VijayaSaradhi are the Independent Directors on Board of Palred and Mr. Naveen Kumar has appointed as company secretary w.e.f. 01.08.2017.

Mr. Palem Srikanth Reddy earlier was appointed as Managing Director of the Company for a period of 5 years with effect from 18.07.2013 to 17.07.2018 at the 14th Annual General Meeting held on 27.11.2013.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 30.05.2018, approved the re-appointment of Mr. Palem Srikanth Reddy (DIN: 00025889) as Managing Director of the Company for a term of five years commencing from 18.07.2018 to 17.07.2023.

21. Regulatory Affairs Between The End of Financial Year And Date Of Report

The following were the regulatory affairs occurred as on the date of Board's Report –

- As per SEBI Circular No. IMD/FPIC/CIR/P/2018/61 dated 5th April, 2018, the Central Depository Services (India) Limited (CDSL) was appointed as the Designated Depository for the purpose of monitoring the Foreign Investment Limits in the Company.

- As per SEBI Circular No. SEBI/HO/CFD/DCR1/ CIR/P/2018/85 dated 28th May, 2018, the Central Depository Services (India) Limited (CDSL) was appointed as the Designated Depository for the purpose of System Driven Disclosures in Securities Market for the Company.

22. Green Initiative:

Securities and Exchange Board of India (SEBI) has vide its circular No. SEBI/HO/MIRSD/DOP1/ CIR/P/2018/73dated 20th April, 2018 mandated that all the shareholders, whose ledger folio do not have or having incomplete details with respect to their PAN and Bank particulars, must submit the same to the Registrar and Transfer Agent (RTA) or the Company.

Your active co-operation is required in this regard and in order to be a part of the green initiative, to help in conserving trees for a greener India and to enable the Company to disseminate to you all the requisite documents and information electronically, i.e. through emails and make payments of dividend directly into your bank account, you are requested:-

a. To provide your PAN and bank details as required by SEBI. For crediting your dividend amount directly into your bank account through National Automated Clearing House (NACH), a separate form is attached for providing your bank details, kindly fill and sign the form and submit with RTA/Company (for shares held in physical form) or with your depository participant (for shares held in demat form), as the case may be, along with requisite documents mentioned in the form, within stipulated time.

b. To register or update your e-mail address by filling in and signing the attached form and submit with RTA/ Company (for shares held in physical form) or with your depository participant (for shares held in demat form), as the case may be, along with requisite documents mentioned in the form, within stipulated time.

   Kindly note that it is mandatory for the Company to mention your bank details on the dividend payment instrument, in case where NACH details are not registered with the Company / RTA.

23. Statutory Auditors :

At the Annual General Meeting held on 30th September, 2016, (17th AGM) the Company has appointed M/s. Walker Chandiok & Co LLP, Hyderabad (Firm Registration No: 001076N/N500013) as statutory auditors of the Company to hold office until the conclusion of 20th Annual General meeting of the Company. In terms of the first proviso to Section 139 (1) of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders at the Annual General Meeting.

The Board of Directors recommended their re-appointment ratification for the financial year 2018-19. The Auditors' Report for the financial year 2017-18 is enclosed with the financial statements in this Annual Report.

24. Internal auditors:

Pursuant to provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014 and Section 179 read with Rule 8(4) of the Companies (Meetings of Board and its Powers) Rules, 2014; M/s. Laxminiwas & Co.,. Chartered Accountants were appointed as Internal Auditors of the Company for the Financial Year 2017-18.

Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board.

The Board has re-appointed M/s. Laxminiwas & Co., Chartered Accountants, Hyderabad as Internal Auditors for the Financial Year 2018-2019.

25. Secretarial auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. S. S. Reddy & Associates, Practicing Company Secretaries, was appointed to undertake the Secretarial Audit of the Company for the Financial Year 2017-18.

The Secretarial Audit Report in Form MR 3 is annexed herewith as **Annexure- I** to this report.

26. Qualifications in audit reports:

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made, if any —

***(a)* Statutory Auditors Report:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2018 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 and growth in the market expected in view of the rapid global challenges.

***(b)* Secretarial Audit Report:**

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2018 on the Compliances according to the provisions of section 204 of the Companies Act 2013 and 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.

27. No Frauds reported by statutory auditors

There is no instance of frauds reported by the statutory auditors of the Company for the financial year under review under sub Section (12) of Section 143 of the Companies Act, 2013.

28. 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

29. 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 annexed herewith as **Annexure- J** to this report.

30. 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.

31. 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 is annexed herewith as **Annexure- F** to this report.

The certificate of compliance on corporate governance by M/s. S.S. Reddy & Associates is annexed herewith as **Annexure- G** to this report.

32. 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 **(Annexure- F)** to this Report.

33. Extract of Annual Return:

As provided under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual return under form MGT 9 is annexed herewith as **Annexure- E** to this report.

34. Authorised and paid up capital of the company:

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

35. Declaration by Independent Directors:

All Independent Directors have given declarations that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and Regulations 16(1) (b) and 25 of the Listing Regulations, such declarations are annexed herewith as **Annexure- H** to this report..

36. Policy on Directors appointment and Remuneration and other details:

The Company's policy on Directors appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in Corporate Governance Report, which forms part of Annual Report.

37. Director's Responsibility Statement:

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

a) in the preparation of the annual accounts for the financial year ended 31 March 2018, the applicable accounting standards and schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31 March 2018 and of the profit and loss of the Company for the financial year ended 31 March 2018;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and,

f) proper systems to ensure compliance with the provisions of all applicable laws were followed and that such systems were adequate and operating effectively.

38. Vigil Mechanism/Whistle Blower Policy:

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

39. EMPLOYEE STOCK OPTION SCHEME

Details of the options up to March 31, 2018 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.

40. 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.

41. 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.

42. Insurance:

The properties and assets of your Company are adequately insured.

43. Particulars of loans, guarantees:

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

44. Internal Financial Control Systems:

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

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

45. Related Party Transactions:

During the financial year 2017-18, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013. All transactions with related parties were reviewed and approved by the Audit Committee. All related party transactions that were entered were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

46. Disclosure about cost audit:

Cost Audit is not applicable for the financial year 2017-18.

47. 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 annexed herewith 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.

48. 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

49. 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.

50. 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.

51. Prevention of Sexual Harassment at Workplace:

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition &Redressal) Act, 2013 read with rules made thereunder, your Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment. During the year under review, there were no Complaints pertaining to sexual harassment.

52. 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, HSBC 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
Managing Director
(DIN: 00025889)

Place: Hyderabad
Date: 14.08.2018

Annexure-A to the Director's Report

Pursuant to the provisions of Securities and Exchange Board of India Regulation 14 of SEBI (Share based Employee Benefits) Regulations, 2014 as amended and the provisions of the Companies Act 2013 the details of stock options as on March 31, 2018 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

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Annexure - B to the Director's Report

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
For the financial year ended 31st March, 2018

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ Joint Ventures:

PART A- Subsidiaries

Amount in Lakhs Rs.

Sl. No.	Particulars	Details	Details
1.	Name of the subsidiary	Palred Online Technologies Private Limited	Palred Technology Services Private Limited
2.	The date since when subsidiary was acquired	18th November, 2014	6th February, 2015
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01st April, 2017 to 31st March, 2018	01st April, 2017 to 31st March, 2018
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
5.	Share capital	Authorized – 4300.00 Paid Up Capital – 3098.31	Authorized – 935.14 Paid Up Capital – 901.00
6.	Reserves & surplus	(2345.59)	(607.99)
7.	Total assets	1516.00	366.44
8.	Total Liabilities (Excluding Share Capital, Reserves and Surplus)	763.96	73.44
9.	Investments	142.94	120.65
10.	Turnover (other income)	5120.81	174.12
11.	Profit before taxation	(539.94)	(171.14)
12.	Provision for taxation / Deferred Tax	0	0
13.	Profit after taxation	(539.94)	(171.14)
14.	Proposed Dividend	NIL	NIL
15.	Extent of shareholding	82.45%	100%

Note:

1. Name of the Subsidiaries which are yet to commence operations: Palred Retail Private Limited.
2. Name of Subsidiaries liquidated or sold or striked during the year: NIL

PART B – Associates and Joint Ventures

The Company does not have any Associate or Joint Venture.

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Annexure - C to the Director's Report

Form No. AOC-2

Particulars of contracts/arrangements made with related parties
[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2018 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	Refer Note 2	Refer Note 2	Rs. 3 Crores
3. Mr. Palem Srikanth Reddy	Managing Director (KMP)	Running contract	Managerial Remuneration	NA	Rs. 30 Lakhs
4. Mrs. Supriya Reddy	Relative of KMP	Running contract	Office rent	NA	Rs. 6.225 Lakhs

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).
2) The Board of Directors of Palred Technologies Limited have at the Board Meeting held on January 8, 2018 approved investment of Rs. 3 Crores in Palred Technology Services Private Limited at Rs. 10/- per share at par value.

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Annexure - D to the Director's Report

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

The nomination ad 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 2018	Remuneration in Fiscal 2017	% 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
Mr. 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 2017-2018 - Nil

The Independent Directors are entitle 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 2017-2018 – Nil

Percentage increase in the median remuneration of employees in the financial year 2017-2018- 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
Managing Director
(DIN: 00025889)

Place: Hyderabad
Date: 14.08.2018

Annexure - E to the Director's Report

MGT 9

Extract of Annual Return

As on the Financial Year 31.03.2018

[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 Email: company@palred.com, Ph. No. 040-67138810
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 Ph. 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	82.45%	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	602254	0	602254	7.33	602261	0	602261	6.19	-1.14
Central Govt	0	0	0	0	0	0	0	0	0
State Govt (s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0

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	Physi-cal	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other….	3075089	0	3075089	37.44	3075089	0	3075089	31.60	-5.85
Sub-total(A) (1) :-	**3677343**	**0**	**3677343**	**44.77**	**3677350**	**0**	**3677350**	**37.78**	**-6.99**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**3677343**	**0**	**3677343**	**44.77**	**3677350**	**0**	**3677350**	**37.78**	**-6.99**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	60	0	60	0.00	60	0	60	0.00	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	459631	0	459631	5.60	701586	0	701586	7.21	1.61
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total	**459691**	**0**	**459691**	**5.60**	**701646**	**0**	**701646**	**7.21**	**1.61**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	504514	0	504514	6.14	597922	0	597922	6.14	0.00
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	1940293	6422	1946715	23.70	1999731	6414	2006145	20.61	-3.09
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1005159	0	1005159	12.24	1950106	0	1950106	20.04	7.80
c) Others (specify)									
Clearing Member	7728	0	7728	0.09	23715	0	23715	0.24	0.15
Foreign Bodies	216948	0	216948	2.64	216948	0	216948	2.23	-0.41
Foreign National	307195	3452	310647	3.78	307195	3452	310647	3.19	-0.59

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	Physi-cal	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Corporate Body- others	740	0	740	0.01	740	0	740	0.01	0.00
NBFC	0	0	0	0.00	19	0	19	0.00	0.00
NRIs	51137	0	51137	0.62	55735	0	55735	0.57	-0.05
NRIs Non- Repatriation	31430	0	31430	0.38	41562	0	41562	0.43	0.04
Trusts	573	458	1031	0.01	149573	458	150031	1.54	1.53
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**4065717**	**10332**	**4076049**	**49.63**	**5343246**	**10324**	**5353570**	**55.01**	**5.38**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**4525408**	**10332**	**4535740**	**55.23**	**6044892**	**10324**	**6055216**	**62.22**	**6.99**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**8202751**	**10332**	**8213083**	**100.00**	**9722242**	**10324**	**9732566**	**100.00**	**0**

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			%Change during the year
		Demat	Total	% of Total Shares	Demat	Total	% of Total Shares	Nil
1.	Sanhita Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	12.18	0
2.	Stuthi Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	12.18	0
3.	Palem Supriya Reddy	10,00,000	10,00,000	12.18	10,00,000	10,00,000	12.18	0
4.	Palem Srikanth Reddy	6,02,254	6,02,254	7.33	6,02,261	6,02,261	6.19	-1.14
5.	P Soujanya Reddy	71,619	71,619	0.87	71,619	71,619	0.74	-0.13
6.	Palem Srinivas Reddy	2,600	2,600	0.03	2,600	2,600	0.03	0
7.	Dakshayani Reddy	600	600	0.01	600	600	0.01	0
8.	D Vidyasagar	270	270	0.00	270	270	0.00	0

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
1.	**Palem Srikanth Reddy**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	602254	7.33	602254	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.) Purchase- 21.07.2017	7	0.00	602261	7.33
	At the End of the year	602261	6.19	602261	6.19

(iv)	*Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*				
Sl. No.	**Shareholder Name**	**Shareholding at the beginning of the year**		**Shareholding at the end of the year**	
1	**Passage To India Master Fund Limited**	**No. of shares**	**% of total shares of The company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	459631	5.60	459631	5.60
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc)				
	Purchase- 18.08.2017	139655	1.43	599286	6.16
	Purchase- 06.10.2017	2300	0.02	601586	6.18
	Purchase- 08.12.2017	30000	0.31	631586	6.49
	Purchase- 19.01.2018	20000	0.21	651586	6.69
	Purchase- 26.01.2018	15000	0.15	666586	6.85
	Purchase- 09.02.2018	20000	0.21	686586	7.05
	Purchase- 16.02.2018	4780	0.05	691366	7.10
	Purchase- 23.02.2018	10220	0.11	701586	7.21
	At the End of the year	701586	7.21	701586	7.21
2	**Ashish Dhawan**				
	At the beginning of the year	333361	4.06	333361	4.06
	Date wise Increase /Decrease- Purchase- 18.08.2017	344828	3.54	678189	6.97
	At the End of the year	678189	6.97	678189	6.97
3	**Mathew Cyriac**				
	At the beginning of the year	81780	1.00	81780	1.00
	Date wise Increase /Decrease - Purchase- 18.08.2017	207000	2.13	288780	2.97
	At the End of the year	288780	2.97	288780	2.97
4	**Six Rivers Group Limited**				
	At the beginning of the year	216948	2.64	216948	2.64
	Date wise Increase /Decrease -	0	0	216948	2.23
	At the End of the year	216948	2.23	216948	2.23
5	**Global Media Ventures India Private Limited**				
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease - Purchase- 18.08.2017	207000	2.13	207000	2.13
	At the End of the year	207000	2.13	207000	2.13
6	**Bharat Kanaiyalal Sheth Jyoti Bharat Sheth**				
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease - Purchase- 18.08.2017	207000	2.13	207000	2.13
	At the End of the year	207000	2.13	207000	2.13
7	**Madhavan Kunniyur**				
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease - Purchase- 18.08.2017	207000	2.13	207000	2.13
	At the End of the year	207000	2.13	207000	2.13

8	**Amol S Chauhan Will Trust**				
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease - Purchase- 21.04.2017	149000	1.81	149000	1.81
	At the End of the year	149000	1.81	149000	1.81
9	**Parle Biscuits Private Limited**				
	At the beginning of the year	140000	1.70	140000	1.70
	Date wise Increase /Decrease -	0	0	0	0
	At the End of the year	14000	1.44	14000	1.44
10	**Vaibhav Rao Alka Tyagi**				
	At the beginning of the year	0	0	0	0
	Date wise Increase /Decrease - Purchase- 18.08.2017	138000	1.42	149000	1.42
	At the End of the year	138000	1.42	149000	1.42

(v) ***Shareholding of Directors and Key Managerial Personnel:***

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
1	**Palem Srikanth Reddy**	**No. of shares**	**% of total shares of The company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	602254	7.33	602254	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.) Purchase- 21.07.2017	7	0.00	602261	7.33
	At the End of the year	602261	6.19	602261	6.19

V. INDEBTEDNESS: Nil

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	3000000	3000000
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit - Others, specify…	0	0
5.	Others, please specify	0	0
6.	Total (A)	3000000	3000000
7.	Ceiling as per the Act	NA	8400000

B. Remuneration to other directors:						
Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
		S. Vijaya Saradhi	Atul Sharma	Richa Patnaik	NA	
	Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	20000	0	0	0	20000
	Total (1)	**20000**	**0**	**0**	**0**	**20000**
	Other Non-Executive Directors · Fee for attending board / committee meetings ·commission · Others, please specify	0	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**	**0**
	Total (B)=(1+2)	**20000**	**0**	**0**	**0**	**20000**
	Total Managerial Remuneration	3020000	0	0	0	3020000
	Overall Ceiling as per the Act	NA	NA	NA	NA	8400000

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO-NA	Company Secretary (Naveen Kumar*)	CFO-NA	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	288000	0	288000
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - Others, specify…	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	Total	0	288000	0	288000

* Mr. Naveen Kumar was appointed w.e.f. 01.08.2017

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Annexures- F to the Director's Report

REPORT ON CORPORATE GOVERNANCE

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

1. **Company's Philosophy on Corporate Governance:**

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

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

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

2. **Board diversity:**

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

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

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

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

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

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

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

5. **Board of Directors:**

   The composition of the Board of Directors of the Company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2018, the Company's Board comprised of four Directors, One promoter Directors. In addition, there are three independent Directors on the Board including one woman Director. In terms of Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015 and section 149 of Companies Act 2013, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

6. **Re-appointment of Directors retiring by rotation:**

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

7. **Number of board meetings:**

   The Board of Directors met Eight (8) times during the financial year, on April 11, May 10, May 26, September 04, September 14 and November 25, in 2017 and January 8, February 14, in 2018. 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.

8. **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.**

Table-1								
Name of Director	**Relationship with other Directors**	**Category**	**No. of Meetings Held**	**No. of Meetings Attended**	**Whether Attended Last AGM**	**No. of Outside Directorships of Public Companies**	**No. of Committee Memberships**	**No. of Committee Chairmanships**
Palem Srikanth Reddy	None	Promoter Director	8	7	Yes	2 Deemed Public Companies	2	1
Sribhashyam Vijaya Saradhi	None	Independent Director	8	8	No	2 Deemed Public Companies	4	2
Atul Sharma	None	Independent Director	8	1	No	0	3	0
Richa Patnaik	None	Independent Director	8	7	Yes	0	3	1

9. Information supplied to the board:

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

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

10. Familiarization program for independent directors:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarize with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. During the financial year 2017-18, there has been no change in the independent director of the Company.

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

11. Committees of the board:

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

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

12. Performance Evaluation of Board, Committees and Directors

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Evaluation of the Committees performance was based on various parameters laid down in the Company's Policy on evaluation of Directors as well as their own expertise and assessment of company's corporate governance framework, prepared and distributed evaluation sheets to the Board, committees (by committee members and by non-committee members) and individual directors. Based on the same, the Board carried out annual performance evaluation of itself, Committees and Independent Directors for the year 2018. Nomination and Remuneration Committee evaluated individual directors' performance during the year and at a separate meeting, Independent Directors evaluated performance of Executive Directors, Board as a whole and Chairman. The performance was evaluated by the Directors on various parameters on laid down criteria as like:

(i) Board: Composition, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.

(ii) Executive Directors: Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, appropriate succession plan, external relations including CSR, community involvement and image building, etc.

(iii) Independent Directors: Participation, managing relationship, ethics and integrity, Objectivity, brining independent judgement, time devotion, protecting interest of minority shareholders, domain knowledge contribution, etc.

(iv) Chairman: Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.

(v) Committees: Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with company strategy, composition of committee, committee meetings and procedures, management relations.

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

Categories	Rating (out of 5)
Board as a whole	4.60
Individual Directors	
Mr. Palem Srikanth Reddy	4.95
Mr. S. Vijaya Saradhi	4.94
Mr. Atul Sharma	4.90
Mrs. Richa Patnaik	4.98
Audit Committee	5.00
Stakeholder Relationship Committee	4.93
Nomination & Remuneration Committee	4.92

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

A. Brief Description of Terms of Reference: -

Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

- 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 26.05.2017, 14.09.2017, 25.011.2017, and 14.02.2018

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	0
Mrs. Richa Patnaik	Member	NED(I)	4	4

14. Nomination and remuneration committee: Terms of reference of the committee comprise of various matters provided under Regulation 19 of the Listing Regulations and section 178 of the Act, 2013.

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.

      Performance evaluation criteria for Independent Directors are laid down in the Policy on Board evaluation which include participation, managing relationship, ethics and integrity, Objectivity, brining independent judgment, time devotion, domain knowledge contribution, etc. and more specifically the following:
    - Help in bringing independent judgment on Board's deliberations.
    - Arbitration in situations of conflict between management & shareholder's interest.
    - Independent judgment on strategy, performance, risk management, etc.
    - Objectivity & constructivity while exercising duties.
    - Safeguarding particularly interests of minority shareholders.

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

There were two (2) Nomination and Remuneration Committee Meetings held during the financial year 2017-18 on 04.09.2017 & 08.01.2018.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. S. Vijaya Saradhi	Chairman	NED(I)	2	2
Mr. Atul Sharma	Member	NED(I)	2	1
Mrs. Richa Patnaik	Member	NED(I)	2	2

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

(i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(ii) Proactively communicate and engage with stockholders including engaging with the institutional shareholders at least once a year along with members of the Committee/Board/ KMPs, as may be required and identifying actionable points for implementation.

(iii) Review of measures taken for effective exercise of voting rights by shareholders

(iv) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(v) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Committee comprises of 3 Directors out of which 2 are independent. In the financial year 2017-18, 4 meetings of the Committee were held on 26th May 2017; 14th September 2017; 25th November 2017 and 14th February 2018. Composition of committees and member's attendance at the meetings during the year are as under:

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

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

16. Performance evaluation criteria for independent directors:

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

Policy:

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

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

4. Criteria of independence

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

5. Other directorships/ committee memberships

- 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.
- A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- 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.
- 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 2017-18:

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

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

A. Criteria for making payments to Non-Executive Directors:

Policy:

1. Remuneration to Executive Director and key managerial personnel

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

1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

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

(i) Basic pay

(ii) Perquisites and Allowances

(iii) Stock Options

(iv) Commission (Applicable in case of Executive Directors)

(v) Retrial benefits

(vi) Annual performance Bonus

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

2. Remuneration to Non – Executive Directors

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

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

3. Remuneration to other employees

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

B. Remuneration to Directors paid during the financial year 2017-18 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
Palem Srikanth Reddy	30,00,000	--	6,02,261	--	--	--	--
Sribhashyam Vijaya Saradhi	--	20000	--	--	--	--	--
Atul Sharma	--	--	--	--	--	--	--
Richa Patnaik	--	--	--	--	--	--	--

20. Independent directors' meeting:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 14.02.2018, 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 08.01.2018 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. Palem Srikanth Reddy – Chairman & Managing Director

The meeting recognized the significant contribution made by Mr. Palem Srikanth Reddy in directing the Company towards the success path and placing the Company globally in 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: -**

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

A) **Composition:**

The Details of composition of the Committee are given below:

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

B) **Role and responsibilities of the committee includes the following:**

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

24. **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.

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

The Company has not issued these types of securities.

26. **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.

27. **Details on general body meetings:**

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

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2016-17	28.09.2017	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	yes
EGM	08.04.2017	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	yes
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: 1, Banjara Hills, Hyderabad	yes
EGM	04.04.2015	10.00 A.M.	2nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 1, Banjara Hills, Hyderabad	Yes
2014-15	30.09.2015	9.00 A.M.	2nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 1, Banjara Hills, Hyderabad - 500034	Yes

28. Passing of Resolutions By Postal Ballot

There were no resolutions passed by the Company through Postal Ballot during the financial year 2017-18.

29. Means Of Communication

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

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

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

30. General shareholder information:

A. **Annual general meeting:**

The 19th Annual General Meeting of the Company will be held as per the following schedule:

Day	**Thursday**
Date	27thSeptember, 2018
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 2018-19 (Tentative Schedule)**

The financial calendar (tentative) shall be as under:

Financial Year	**2018-19**
First Quarterly Results	14.08.2018
Second Quarterly Results	14.11.2018
Third Quarterly Results	14.02.2019
Fourth Quarterly Results	29.05.2019
Annual General Meeting for year ending 31st March, 2019	30.09.2019

C. **Dividend Payment Date:** No Dividend was declared during the Financial Year 2017-18

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 2018-2019 to both the Stock Exchanges.

Name of Exchanges	
National Stock exchange of India Limited	BSE Limited
PALREDTEC	532521
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 & NSE Limited

	Bombay Stock Exchange(BSE)				National Stock Exchange(NSE)			
Month	**Open Price**	**High Price**	**Low Price**	**Close Price**	**Open Price**	**High Price**	**Low Price**	**Close Price**
Apr 17	155.00	168.50	137.30	142.30	154.05	166.15	134.90	140.85
May 17	136.65	154.35	130.00	136.00	136.00	149.95	130.10	133.20
Jun 17	138.00	140.00	114.00	115.95	135.00	143.35	113.00	118.40
Jul 17	113.60	130.00	108.05	110.95	115.10	131.00	107.30	111.00
Aug 17	109.00	112.90	84.05	93.40	110.10	113.85	82.30	94.00
Sep 17	93.60	122.00	90.45	100.25	94.90	117.00	91.55	100.00
Oct 17	103.45	112.00	95.15	96.05	96.30	109.00	90.85	96.70
Nov 17	95.65	105.00	92.25	94.60	97.05	105.00	90.00	96.20
Dec 17	94.50	99.60	85.00	88.70	98.65	99.00	84.00	87.75
Jan 18	92.95	119.80	88.20	98.95	90.85	119.80	89.05	99.70
Feb 18	105.70	107.60	80.50	89.85	99.75	113.10	80.10	90.35
Mar 18	89.95	90.30	65.70	70.15	90.35	94.35	65.35	70.20

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 , 2018:

Category			**Number Of Shareholders**	**%**	**Amount**	**%**
1	–	5000	13151	94.14	9140200.00	9.39
5001	–	10000	394	2.82	3018900.00	3.10
10001	–	20000	221	1.58	3357430.00	3.45
20001	–	30000	58	0.42	1443580.00	1.48
30001	–	40000	35	0.25	1233830.00	1.27
40001	–	50000	25	0.18	1162810.00	1.19
50001	–	100000	44	0.31	2942130.00	3.02
100001 and above			42	0.30	75026780.00	77.09
TOTAL			**13970**	**100**	**97325660**	**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, 2018 99.86% of the shares were held in Dematerialised form and the rest in physical form.

Particulars	**No. of Shares**	**% Share Capital**
NSDL	84,33,519	86.65
CDSL	12,88,723	13.24
PHYSICAL	10,324	0.11
Total	97,32,566	100.00

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

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 21st day of September, 2018 to Thursday, the 27th day of September, 2018 (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**
Marathon Futurex, A-Wing, 25th floor,
NM Joshi Marg,Lower Parel, Mumbai 400013

N. **Shareholding pattern as on 31st March, 2018:**

S. No.	CATEGORY OF SHAREHOLDER	No. of shares held	Percentage of shareholding
(A)	**PROMOTER AND PROMOTER GROUP**		
(1)	INDIAN		
(a)	Individual	602261	6.19
(b)	Others	3075089	31.60
	Sub-Total A(1) :	**3677350**	**37.78**
(2)	FOREIGN	--	--
(a)	Individuals	--	--
	Sub-Total A(2) :	--	--
	Total A=A(1)+A(2)	**3677350**	**37.78**
(B)	**PUBLIC SHAREHOLDING**		
(1)	INSTITUTIONS		
(a)	Financial Institutions /Banks	60	0.00
(b)	Foreign Institutional Investors	701586	7.21
	Sub-Total B(1) :	**701646**	**7.21**
(2)	**NON-INSTITUTIONS**		
(a)	Bodies Corporate	597922	6.14
(b)	Individuals	3956251	40.65
(c)	Others		
(i)	CLEARING MEMBERS	23715	0.24
(ii)	FOREIGN BODIES	216948	2.23
(iii)	FOREIGN NATIONALS	310647	3.19
(iv)	CORPORATE BODY - OTHERS	740	0.01
(v)	NBFC	19	0.00
(vi)	NON RESIDENT INDIANS	55735	0.57
(vii)	NRI NON-REPATRIATION	41562	0.43
(viii)	TRUSTS	150031	1.54
	Sub-Total B(2) :	5353570	55.01
	Total B=B(1)+B(2) :	6055216	62.22
	Total (A+B) :	9732566	100.00
	GRAND TOTAL (A+B+C) :	**9732566**	**100.00**

31. Other disclosures:

a. There were no transactions of material nature with its related parties that may have the potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 20 of the Financial Statements.

b. The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.

c. There were no instances of material noncompliance nor have any penalties/strictures imposed by Stock Exchanges or SEBI or any other statutory authority on any matters related to capital market, during last 3 financial years.

d. The Board of Directors of the Company has adopted and put in place a Whistle Blower Policy and no personnel have been denied access to the audit committee. Details of vigil mechanism/whistle blower policy are provided in the Directors report.

e. Managing Director of the Company have certified to the Board with regard to the compliance made by them in terms of Regulation 17(8) of the Listing Regulations [Part B of Schedule II] and the certificate forms part of Annual Report. The Managing Director gives quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

f. There are no non-compliances of any requirement of corporate governance report and all the required disclosures are made to stock exchanges and other regulatory bodies as and when required.

g. The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and Regulation 46(2) under LODR.

h. Disclosures have also been received from the senior management relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, there were no such transactions during the Financial Year 2017-18 having potential conflict with the interests of the Company at large.

i. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read together with Schedule V(C) to the Listing Regulations.

j. Company complies with following non mandatory requirements of Regulation 27(1) specified in Part E of Schedule II of the Listing Regulation:

- Company has appointed separate persons to the post of Chairman and Managing Director.
- Non-Executive Chairman is provided with an office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- Internal Auditor reports to the Audit Committee.
- The financial statements are with unmodified audit opinion.

32. Address for Correspondance:

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

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

Place: Hyderabad
Date: 14.08.2018

DECLARATION PURSUANT TO SCHEDULE V OF THE LISTING REGULATIONS

In accordance with Regulation 26 (3) and Schedule V of the Listing Regulations with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31st March 2018.

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE LISTING REGULATIONS

I/We, Mr. Palem Srikanth Reddy, Managing Director, hereby certify for the financial year ended 31st March 2018 that: -

a. We have reviewed IND AS financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with IND AS, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee

   - that there are no significant changes in internal control over financial reporting during the year;
   - that there are no significant changes in accounting policies during the year; and
   - that there are no instances of significant fraud of which we have become aware.

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Annexure - G to the Director's Report

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Palred Technologies Limited
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate governance by Palred Technologies Limited ("the Company") for the year ended March 31, 2018, 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 (Listing Regulations) with BSE Limited and National Stock Exchange of India Limited.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and 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**

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

Place: Hyderabad
Date: 14.08.2018

Annexure - H to the Director's Report

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The
Board of Directors
M/s. Palred Technologies Limited

Dear Sir,

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

(a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.

(b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.

(c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:

   (i) the statutory audit firm or the internal audit firm that is associated with the Company and

   (ii) the legal firm(s) and consulting firm(s) that have a material association with the company

(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Sd/-
S. Vijaya Saradhi
(Independent director)

Date: 30.05.2018
Place: Hyderabad

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,

Sd/-

Date: 30.05.2018
Place: Hyderabad

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,

Sd/-

Date: 30.05.2018
Place: Hyderabad

Richa Patnaik
(Independent director)

Annexure - I to the Director's 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, 2018

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, 2017 and ended 31st March, 2018, 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, 2018, according to the provisions of:
    i. The Companies Act, 2013 (the Act) and the rules made there under ;
    ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
    iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
    iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
    v. The 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 2017-18.
    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 (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 and displayed the same on the Company's website i.e. www.palred.com.**
    iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; The Company has allotted 15,19,483 Equity Shares to the investors on Preferential Basis on 10th May, 2017.However the company Complied required disclosures under this regulations.
    iv. 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.**
    v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable, as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.**
    vi. 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.**
    vii. 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.**
    viii. 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.**
    ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
        - 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 8 Board meetings, 4 Audit committee meetings, 4 Stakeholder Relationship Committee Meetings, 2 Nomination & Remuneration Committee 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.

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 Mr. Naveen Kumar.

  ii. The Company has the internal auditors namely M/s. Laxminiwas & Co. Chartered Accountants, Hyderabad.

  iii. The Company has not appointed Chief Financial Officer during the financial year 2017-18.

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

Place: Hyderabad
Date: 14.08.2018

Practicing Company Secretary
C. P. No: 7478

Annexure - A to Secretarial Audit Report

To

The Members of

Palred Technologies Limited

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

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

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

Sd/-

S. Sarveswar Reddy

Place: Hyderabad
Date: 14.08.2018

Practicing Company Secretary
C. P. No: 7478

Annexure -J to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2017-2018

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 during the year include E-commerce, Products in Mobile and Tech Accessories, and end-to-end IT & fulfilment services for e-commerce and related companies.

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

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

I. SUBSIDIARIES

Palred Online Technologies Private Limited (POT)

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

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

Palred Technology Services Private Limited (PTS)

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

II. FINANCIAL PERFORMANCE:

A. Sources of Funds

1. Equity Share Capital

As on 31st March 2018, the Company has only one class of issued shares – Equity Shares of Par value of Rs. 10/- per share. The Authorised Capital of the Company is Rs. 35,00,00,000/- (Thirty Five Crores) divided into (a) 2,80,38,800 (two Crore Eighty Lacs Thirty Eight Thousand Eight Hundred Only) shares of Rs. 10/- (Rupees Five Only) each and (b) 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) Preference Shares of Rs.100/- each. The Paid up Equity Share Capital of the Company as on date of this report is Rs. 9,73,25,660 (Nine Crores Seventy Three Lakhs Twenty Five Thousand Six Hundred and Sixty) divided into 97,32,566 Equity Share of Rs. 10/- per share.

2. Other Equity:

2.1. Securities Premium Account:

The balance in Securities Premium Account as on March 31, 2018 was Rs. 6720.30 Lakhs as compared to the balance as on March 31, 2017 was Rs. 4,671.30 Lakhs.

2.2. Capital reserve:

On a Standalone and Consolidated Basis, the Balance as at March 31, 2018, amounted to Rs. 142.8 Lakhs which was the same as previous year.

2.3. General Reserve:

On a Standalone and Consolidated Basis, the balance as at March 31, 2018 stood at Rs. 1325.24 Lakhs which is the same as previous year.

2.4. Retained Earnings:

On a Standalone Basis, the balance as at March 31, 2018 stood at Rs. (1356.29) as compared to Rs. (1428.12) Lakhs in previous year, and Consolidated Basis, the balance as at March 31, 2018 stood at Rs. (4892.77) as compared to Rs. (4131.19) Lakhs in previous year.

3. Liabilities:

3.1. Non-current Liabilities:

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Other Financial liabilities	**0**	**0**	909400	0
Employee benefit obligations	247680	153106	1351698	772939
Total	**247680**	**153106**	**2261298**	**772939**

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

3.2. Current Liabilities:

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Financial Liabilities				
• Borrowings	0	0	3372923	0
• Trade payables	0	0	29700272	31819910
• Other Financial liabilities	3352910	4734289	44524944	32898627
Other current liabilities	147249	144447	4113616	30103977
Employee benefit obligations	0	0	3985	2310
Total Current Liabilities	**3500159**	**4878736**	**81715740**	**67824824**

On standalone basis, the Company has reduced its total current liabilities to Rs. 35 Lakhs stood as on 31st March, 2018 as compared to Rs. 48.79 Lakhs in the previous year.

On consolidated basis, the Company has reduced its total current liabilities to Rs. 817.16 Lakhs stood as on 31st March, 2018 as compared to Rs. 678.25 Lakhs in the previous year.

B. Application of Funds:

1. Non- Current Assets:

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Property plant & Equipment	2120408	3632671	10441246	12201466
Goodwill (Consolidation)	0	0	21620433	22888215
Intangible Assets	301247	844709	3584582	3223546
Financial Assets				
• Investments	465400000	335400000	0	0
• Loans	0	0	3389827	2990827
Other non- current assets	20755067	14208587	22469405	22072525
Total **Non-Current Assets**	**488576722**	**354085967**	**61505494**	**63376579**

Investments in Subsidiaries/ associates

Palred Online Technologies Private Limited:

On April 11, 2017, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 10 crores in Palred Online Technologies Private Limited.

The Company has undertaken valuation by an independent valuer and accordingly the investment was made at Rs. 62.23/- per share including a premium of Rs. 52.23/- per share.

The Company holds 82.45% stake in the said subsidiary.

Palred Technology Services Private Limited:

On January 8, 2018, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 3 crores in Palred Technology Services Private Limited.

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

The Company holds 100% stake in the said subsidiary.

2. **Current Investments, Cash and Cash Equivalents:**

On a standalone basis, balance in current investments is Rs. 5986.84 Lakhs as March 31, 2018 compared to 1997.33 Lakhs as at March 31, 2017. The cash and bank balance stand at Rs. 2300.29 Lakhs as at March 31, 2018 as compared to Rs. 42.42 Lakhs as at March 31, 2017.

On a consolidated basis, balance in current investments is Rs. 753.25 Lakhs as March 31, 2018 compared to 2032.71 Lakhs as at March 31, 2017. The cash and bank balance stand at Rs. 2819.52 Lakhs as at March 31, 2018 as compared to Rs. 174.05 Lakhs as at March 31, 2017.

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. 231.52 Lakhs as dividend, interest and other income from non-trade investments.

On a Consolidated basis, the Company has earned revenues of Rs. 5122.13 Lakhs from operations and Rs. 258.82 from other income sources.

As on date of this report, the Company has invested Rs. 3753 Lakhs in Palred Online Technologies Private Limited and Rs. 901 Lakhs in Palred Technology Services Private Limited.

Palred Online Technologies Private Limited has earned a total revenue of Rs. 5140.97 Lakhs in FY 2017-2018 as compared to Rs. 4129.89 Lakhs in FY 2016-2017 resulting in 24.48% growth in net revenue year on year basis.

Palred Technology Services Private Limited has earned a total Revenue of Rs. 181.25 Lakhs in in FY 2017-2018 as compared to Rs. 54.81 Lakhs in FY 2016-2017 resulting in 230.69% growth in net revenue year on year basis.

Thus on a consolidated basis, the total revenue of the Company is Rs. 5380.95 Lakhs compared to Rs. 4274.91 Lakhs in previous year.

2. **Expenditure**:

On a Standalone Basis, the expenditure incurred towards employee benefit expenses is Rs. 66.83 Lakhs as against 66.91 Lakhs of previous year and Other Expenses are Rs. 70.23 Lakhs as against 174.45 Lakhs of previous year.

On a Consolidated Basis, the Total Expenditure is Rs. 6023.24 Lakhs as against Rs. 5415.64 Lakhs of previous year.

3. **Operating Profit:**

On a standalone basis, the company has earned operating profit of Rs. 71.83 Lakhs as against loss of 144.26 lakhs loss in previous year.

On a Consolidated Basis, the company has incurred operating loss of Rs. 642.29 Lakhs as compared to profit of Rs. 1140.73 Lakhs of previous Year.

4. **Depreciation and Amortisation:**

On a standalone basis, we provided Rs. 22.63 Lakhs and Rs. 20.95 Lakhs for the years ended March 31, 2018 and March 31, 2017 respectively.

On a consolidated basis, we provided Rs. 88.70 Lakhs and Rs. 75.74 Lakhs for the years ended March 31, 2018 and March 31, 2017 respectively.

5. **Net Profit/Loss after tax:**

On a standalone basis, the company has earned net profit of Rs. 71.44 Lakhs as against loss of 296.38 lakhs loss in previous year.

On a Consolidated Basis, the company has incurred net loss of Rs. 644.12 Lakhs as compared to profit of Rs. 1289.82 Lakhs of previous Year.

6. **Liquidity:**

On a standalone basis, the company has no operations. The Company has generated Rs. 2042.59 Lakhs from investing activities during 2017-2018 compared to utilization of Rs. 178.50 Lakhs during 2016-2017. The Company has also used Rs. 153.17 Lakhs from operating activities during 2017-2018 compared to Rs. 174.90 Lakhs during 2016-2017.

On a Consolidated Basis, the net cash used in operations is Rs. (948.28) Lakhs as against (1621.04) Lakhs net cash used in previous Year.

7. Related Party Transactions:

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

8. Events occurring after Balance Sheet Date:

a. Investment in Subsidiary:

In May 2018, the Company has Invested Rs. 4 Crores in its subsidiary company, **Palred Online Technologies Private Limited** by way subscribing 640000 equity shares of Rs. 10/- each at a premium of Rs. 52.50/- per equity share and Rs. 1 Crore in **Palred Technology Services Private Limited** by way subscribing 1000000 equity shares of Rs. 10/- each at a par on private placement basis. The Company has also a subsidiary named **Palred Retail Private Limited** by investing Rs. 4 Lakhs for 80% stake by subscribing 40000 Equity shares of Rs. 10/- each.

IV. STRATERGY, OUTLOOK, OPPORTUNITIES AND THREATS:

A. **E-Commerce**

a. **Objective and Strategy:**

Palred Online Technologies aims to become a market leader in Mobile Accessories business in India. The Company aims to achieve this unique position by combination of following factors:

i. Vertical defined by high margin, highvolume, 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. Appoint PTron offline distributors and sell PTron through retail outlets

vi. End-to-end integration and implementation of Systems, Processes and Automation for efficient and scalable fulfilment operations.

vii. High quality Products backed by warranty

viii. Continuous and timely introduction of new products

ix. Steady and continuous development of brand (LatestOne, PTron & DaZon)

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 increase in advertisement expenses, fulfilment risks, security risks, and payment risks. The challenges faced by E-commerce Industry include lack of 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.

B. **Intellectual Property Infringement:**

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

C. **Risks and risk management and their implementation**

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.

D. 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.

VII. CAUTIONARY STATEMENT:

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

For and on behalf of the Board of
Palred Technologies Limited

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

Place: Hyderabad
Date: 14.08.2018

Independent Auditror'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 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 26 May 2017 and 30 May 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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 Ind AS specified under Section 133 of the Act;

    e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2018 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. the Company, as detailed in Note 19 to the standalone financial statements, has disclosed the impact of pending litigations on its standalone financial position;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

per **Nikhil Vaid**
Partner
Membership No.: 213356

Place : Hyderabad
Date : 30 May 2018

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 2018

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products / services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, 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 slight delay in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount	Amount paid under Protest	Period to which the amount relates	Forum where dispute is pending
		(₹)	(₹)	Financial year	
The Income Tax Act, 1961	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 Ind AS.

(xiv) During the year, the company has made preferential allotment / private placement of shares. In respect of the same, in our opinion, the company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Nikhil Vaid**
Partner
Membership No.: 213356

Place : Hyderabad
Date : 30 May 2018

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 2018

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 on and for the year ended 31 March 2018, 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Nikhil Vaid**
Partner
Membership No.: 213356

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited
Balance Sheet as at 31 March 2018
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	7	2,120,408	3,632,671	4,306,132
Intangible assets	8	301,247	844,709	1,517,035
Financial assets				
Investments	9(a)	465,400,000	335,400,000	485,300,000
Other non-current assets	10	20,755,067	14,208,587	35,152,924
Total non-current assets		**488,576,722**	**354,085,967**	**526,276,091**
Current assets				
Financial assets				
Investments	9(b)	59,868,397	199,733,051	57,365,728
Cash and cash equivalents	9(c)	1,387,716	1,562,865	1,203,209
Bank balances other than cash and cash equivalents	9(d)	228,640,997	2,679,897	2,831,238
Other financial assets	9(e)	5,515,638	-	13,341
Other current assets	10	288,381	260,362	309,197
Total current assets		**295,701,129**	**204,236,175**	**61,722,713**
Total assets		**784,277,851**	**558,322,142**	**587,998,804**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	11	97,325,660	82,130,830	82,130,835
Other equity	12	683,204,352	471,159,470	500,797,267
Total equity		**780,530,012**	**553,290,300**	**582,928,102**
LIABILITIES				
Non-current liabilities				
Provisions	14	247,480	153,106	175,101
Total non-current liabilities		**247,480**	**153,106**	**175,101**
Current liabilities				
Financial liabilities				
Other financial liabilities	13	3,353,110	4,734,289	4,517,813
Other current liabilities	15	147,249	144,447	377,788
Total current liabilities		**3,500,359**	**4,878,736**	**4,895,601**
Total liabilities		**3,747,839**	**5,031,842**	**5,070,702**
Total equity and liabilities		**784,277,851**	**558,322,142**	**587,998,804**

The accompanying notes form an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017
Other income	16	23,152,746	11,785,514
Total income		**23,152,746**	**11,785,514**
Expenses			
Employee benefits expenses	17	6,683,201	6,691,076
Depreciation and amortisation expense	7, 8	2,263,120	2,095,753
Other expenses	18	7,023,194	17,425,061
Total expenses		**15,969,515**	**26,211,890**
Profit/(loss) before tax and exceptional items		**7,183,231**	**(14,426,376)**
Exceptional item	20	-	7,791,886
Profit/(loss) before tax		**7,183,231**	**(22,218,262)**
Tax expense			
Adjustments for current tax of prior periods		-	7,457,083
Total tax expense		**-**	**7,457,083**
Profit/(loss) for the year		**7,183,231**	**(29,675,345)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations - Loss/(gain)		38,554	(37,548)
Other comprehensive income/(loss) for the year		**(38,554)**	**37,548**
Total comprehensive income/(loss) for the year		**7,144,677**	**(29,637,797)**
Earnings per equity share [EPES]			
Basic and Diluted EPES		0.75	(3.61)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		9,570,210	8,213,083
Nominal value per equity share		10	10

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

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited
Cash Flow Statement for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

		31 March 2018	31 March 2017
Cash flows from operating activities			
Profit/(loss) before tax		**7,183,231**	**(22,218,262)**
Adjustments to reconcile profit/(loss) before tax to net cash flows :			
Dividend income from mutual funds		(5,101,641)	(11,067,325)
Interest income		(12,459,200)	-
Provision no longer required, written back		(5,211,292)	-
Balances written off		24,796	7,828,098
Depreciation and amortisation expense		2,263,120	2,095,753
Operating loss before working capital changes		**(13,300,986)**	**(23,361,736)**
Movements in working capital:			
Changes in other non current assets		-	290,000
Changes in other assets		(693,647)	5,431,332
Changes in financial liabilities		(1,342,280)	134,471
Changes in provisions		55,820	15,553
Changes in other current liabilities		2,802	-
Cash used in operating activities		**(15,278,291)**	**(17,490,380)**
Income taxes paid		(694,356)	-
Net cash used in operating activities	**A**	**(15,972,647)**	**(17,490,380)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(207,395)	(749,966)
Investment in subsidiaries		(130,000,000)	(50,100,000)
Investment in term deposits, net		(226,000,000)	-
(Investments in)/ net proceeds from mutual funds		139,864,654	(142,367,323)
Refund of share application money		-	200,000,000
Dividend income from mutual funds		5,101,641	11,067,325
Interest received		6,943,563	-
Net cash used in/(generated from) investing activities	**B**	**(204,297,537)**	**17,850,036**
Cash flows from financing activities			
Proceeds from issuance of equity shares		220,095,035	-
Net cash from financing activities	**C**	**220,095,035**	**-**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(175,149)	359,656
Cash and cash equivalents at the beginning of year		1,562,865	1,203,209
Cash and cash equivalents as at the end of the year		**1,387,716**	**1,562,865**

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

A. Equity share capital

	31 March 2018		31 March 2017	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid up				
Balance at the beginning of the year	8,213,083	82,130,830	8,213,084	82,130,835
Issue of equity shares	1,519,483	15,194,830	-	-
Cancellation of one equity share	-	-	(1)	(5)
Balance at the end of the year	**9,732,566**	**97,325,660**	**8,213,083**	**82,130,830**

B. Other equity

	Reserves and surplus				OCI	Total
	Capital reserve	Securities premium reserve	General reserve	Retained earnings	Actuarial gains/ (losses)	
As at 1 April 2016	**14,280,000**	**467,129,888**	**132,524,353**	**(113,136,974)**	-	**500,797,267**
Loss for the year	-	-	-	(29,675,345)	-	(29,675,345)
Remeasurement of employment benefit obligations - Gain	-	-	-	-	37,548	37,548
Total comprehensive loss	-	-	-	(29,675,345)	37,548	(29,637,797)
At 31 March 2017	**14,280,000**	**467,129,888**	**132,524,353**	**(142,812,319)**	**37,548**	**471,159,470**
Issue of equity shares	-	204,900,205	-	-	-	204,900,205
Profit for the year	-	-	-	7,183,231	-	7,183,231
Remeasurement of employment benefit obligations - Loss	-	-	-	-	(38,554)	(38,554)
Total comprehensive income	-	-	-	7,183,231	(38,554)	7,144,677
At 31 March 2018	**14,280,000**	**672,030,093**	**132,524,353**	**(135,629,088)**	**(1,006)**	**683,204,352**

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

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').

Subsequent to sale of the Company's transportation and logistics software products business in 2013-14, the management of the Company is yet to identify the business opportunities in the areas of IT solutions and services.

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

2. General information and statement of compliance with Ind AS

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

For all periods up to and including the year ended 31 March 2017, the Company has prepared its standalone financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first which the Company has prepared in accordance with Ind AS (see note 27 for explanation for transition to Ind AS). For the purpose of comparatives, financial statements for the year ended 31 March 2018 are also prepared under Ind AS.

These financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 30 May 2018.

3. Basis of preparation of separate financial statements

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

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

4. Summary of significant accounting policies

4.0 Operating Cycle and Current versus non-current classification

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

An **asset** is classified as current when it is:
• Expected to be realised or intended to sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period; or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current. Deferred tax liabilities are classified as non-current liabilities.

4.1 Foreign currency

Functional and presentation currency
The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company.

Transactions and balances
Foreign currency transactions are initially recorded in the functional currency, by applying to the functional currency spot exchange rate between the functional currency and the foreign currency at the date the transaction first qualifies for recognition.

Foreign currency monetary items are converted to functional currency using the functional currency closing spot exchange rates at the reporting date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

4.2 Fair value measurement

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

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

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

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

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

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

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

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

4.3 Revenue recognition

Revenue is recognized, when it is probable that economic benefits associated with a transaction flows to the Company in the course of its ordinary activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding the taxes or duties collected on behalf of government.

Interest Income
Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

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

4.4 Taxes

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

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

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

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

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

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

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

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

4.5 Property, plant and equipment (PPE)

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

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

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

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

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

4.6 Intangible assets

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

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

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

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

4.7 Impairment of non-financial assets

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

4.8 Leases

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

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

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

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

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

4.9 Provisions and contingencies

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

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

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

Contingencies
Contingent liability is disclosed for:

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

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

4.10 Employee benefits

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

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

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

4.11 Investments in subsidiaries

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

4.12 Financial instruments

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

Financial assets

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL) and
- Equity instruments measured at FVTOCI

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

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

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

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

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

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

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance and
b) Financial assets that are debt instruments and are measured as at FVTOCI

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

4.13 Contributed equity

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

4.14 Earnings per equity share (EPES)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.15 Cash and cash equivalent

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

4.16 Cash flow statement

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

4.17 Cash dividend

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

5. Standard not yet effective

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

Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration:
On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:
On 28 March 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

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

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective approach - Under this approach the cumulative effect of retrospective application is recognised at the date of initial application.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company will adopt the standard on 1 April 2018 and accordingly comparatives for the year ended 31 March 2018 will not be retrospectively adjusted. Management does not expect adoption of the aforementioned requirement from 1 April 2018 will have a material effect on the financial statements of the Company.

6. Key accounting estimates and judgements

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

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

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

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

Fair value of financial instruments
Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

7. Property, plant and equipment

	Computers	Office equipment	Furniture and fixture	Vehicles	Leasehold improvements	Total
Deemed cost as at 1 April 2016	**380,549**	**498,856**	**3,392,549**	**34,178**	**-**	**4,306,132**
Additions	-	79,950	353,996	-	316,020	749,966
As at 31 March 2017	**380,549**	**578,806**	**3,746,545**	**34,178**	**316,020**	**5,056,098**
Additions	193,435	13,960	-	-	-	207,395
As at 31 March 2018	**573,984**	**592,766**	**3,746,545**	**34,178**	**316,020**	**5,263,493**
Accumulated depreciation						
Up to 31 March 2016	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	221,371	226,429	908,662	8,802	58,163	1,423,427
Up to 31 March 2017	**221,371**	**226,429**	**908,662**	**8,802**	**58,163**	**1,423,427**
Charge for the year	249,219	234,140	1,048,736	6,699	180,864	1,719,658
Up to 31 March 2018	**470,590**	**460,569**	**1,957,398**	**15,501**	**239,027**	**3,143,085**
Net carrying amount						
As at 31 March 2018	**103,394**	**132,197**	**1,789,147**	**18,677**	**76,993**	**2,120,408**
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

Deemed cost

	Computers	Office equipment	Furniture and fixture	Vehicles	Leasehold improvements	Total
As at 1 April 2016						
Gross block	2,202,873	1,875,515	6,949,040	55,058	-	11,082,486
Less: Accumulated depreciation	1,822,324	1,376,659	3,556,491	20,880	-	6,776,354
Deemed cost upon transition	**380,549**	**498,856**	**3,392,549**	**34,178**	**-**	**4,306,132**

8. Intangible Assets

	Computer Software
Deemed cost as at 1 April 2016	**1,517,035**
Additions	-
As at 31 March 2017	**1,517,035**
Additions	-
As at 31 March 2018	**1,517,035**
Accumulated Amortization	
Up to 31 March 2016	**-**
Charge for the year	672,326
Up to 31 March 2017	**672,326**
Charge for the year	543,462
Up to 31 March 2018	**1,215,788**
Net carrying amount	
As at 31 March 2018	**301,247**
As at 31 March 2017	844,709
As at 31 March 2016	1,517,035

Deemed cost

	Computer Software
As at 1 April 2016	
Gross block	3,234,553
Less: Accumulated amortization	1,717,518
Deemed cost upon transition	**1,517,035**

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

(a) Non-current investments

		31 March 2018	31 March 2017	1 April 2016
	Investments in equity instruments, unquoted, fully paid up			
	Investment in subsidiary at cost			
(i)	Palred Online Technologies Private Limited, principal place of business at Hyderabad,India			
	-Number of shares	25,546,072	23,939,130	19,591,304
	-Par value of each share	10	10	10
	-% of holding	82.45%	81.49%	79.00%
	-Amount	375,300,000	275,300,000	225,300,000
(ii)	Palred Technology Services Private Limited, principal place of business at Hyderabad,India			
	-Number of shares	9,010,000	6,010,000	6,000,000
	-Par value of each share	10	10	10
	-% of holding	100%	100%	99.99%
	-Amount	90,100,000	60,100,000	60,000,000
(iii)	Share application money, pending allotment	-	-	200,000,000
		465,400,000	**335,400,000**	**485,300,000**
	Aggregate amount of quoted investments	-	-	-
	Aggregate book value of unquoted investments	465,400,000	335,400,000	485,300,000
	Aggregate amount of impairment of value in investments	-	-	-

(b) Current investments

	31 March 2018	31 March 2017	1 April 2016
Investments in mutual funds, non-trade, unquoted			
4,596,326(31 March 2017: 4,448,544, 1 April 2016: Nil) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan	59,865,772	57,890,235	-
Nil (31 March 2017: Nil, 1 April 2016: 5,685,677) units of IDFC Banking Debt Fund	-	-	57,363,103
Nil (31 March 2017: 8,858,159, 1 April 2016: Nil) units of IDFC Ultra Short term - Daily Dividend plan	-	89,565,729	-
Nil (31 March 2017: 51,674, 1 April 2016: Nil) units of Kotak Floater Short Term - Daily Dividend plan	-	52,274,462	-
Investments in equity instruments of wholly owned subsidiary, trade, unquoted			
10,000,000 (31 March 2017: 10,000,000, 1 April 2016: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625	2,625
Total current investments	**59,868,397**	**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.

Aggregate amount of quoted investments	-	-	-
Aggregate book value of unquoted investments	59,868,397	199,733,051	57,365,728
Aggregate amount of impairment of value in investments	-	-	-

(c) Cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balances with banks			
– in current accounts	1,364,165	1,526,497	1,164,854
Cash on hand	13,864	26,681	28,668
Fixed deposits with original maturity of less than three months	9,687	9,687	9,687
	1,387,716	**1,562,865**	**1,203,209**

Palred Technologies Limited
Summary of significant accounting policies and other explanatory information
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(d) Bank balances other than cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balance in unpaid dividend account (year: 2008-09)*	-	-	93,536
Balance in unpaid dividend account (year: 2013-14)	1,840,195	1,869,195	1,881,955
Balance in unpaid capital reduction account	800,802	810,702	855,747
Fixed deposits with original maturity of more than three months but less than twelve months	226,000,000	-	-
	228,640,997	**2,679,897**	**2,831,238**

*transferred to Investor Education and Protection Fund upon expiry of 7 years from the date they remain unclaimed.

(e) Other financial assets

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Interest accrued but not due on fixed deposits	5,515,638	-	13,341
	5,515,638	**-**	**13,341**

10 Other assets

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Non Current			
Security deposits	-	-	290,000
Advance tax (net of provision)	20,114,235	10,034,334	30,688,671
Deposit with statutory authorities	-	4,174,253	4,174,253
Balances with government authorities	640,832	-	-
	20,755,067	**14,208,587**	**35,152,924**
Current			
Prepaid expenses	51,372	47,451	209,044
Advance to suppliers and service providers	237,009	212,911	82,285
Others	-	-	17,868
	288,381	**260,362**	**309,197**
	21,043,448	**14,468,949**	**35,462,121**

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

11 Equity share capital

	31 March 2018		31 March 2017		1 April 2016	
	Number	**Amount**	**Number**	**Amount**	**Number**	**Amount**
Authorized share capital						
Equity shares of ₹10 each	28,038,800	280,388,000	28,038,800	280,388,000	28,038,800	280,388,000
14% preference shares of ₹100 each	696,120	69,612,000	696,120	69,612,000	696,120	69,612,000
Issued, subscribed and fully paid up shares						
Equity shares of ₹10 each	9,732,566	97,325,660	8,213,083	82,130,830	8,213,084	82,130,835
	9,732,566	**97,325,660**	**8,213,083**	**82,130,830**	**8,213,084**	**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 2018		31 March 2017	
	Number	**Amount**	**Number**	**Amount**
At the beginning of the year	8,213,083	82,130,830	8,213,084	82,130,835
Add: Issue of equity shares	1,519,483	15,194,830	-	-
Less : Cancellation of one equity share [refer note (f)]	-	-	(1)	(5)
Balance at the end of the year	**9,732,566**	**97,325,660**	**8,213,083**	**82,130,830**

(b) Terms attached to Equity Shares

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

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

	31 March 2018		31 March 2017		1 April 2016	
	Number of shares	**% of holding**	**Number of shares**	**% of holding**	**Number of shares**	**% of holding**
Stuthi Reddy	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Sanhita Reddy	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Passage to India Master Fund Limited	701,586	7.21%	459,631	5.60%	Not applicable	
Ashish Dhawan	678,189	6.97%	Not applicable		Not applicable	
Palem Srikanth Reddy	602,261	6.19%	602,254	7.33%	580,301	7.07%

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 equity shares to eligible employees. The minimum vesting period shall be one year from the date of grant of options and maximum vesting period shall not exceed five years. The exercise price per option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on the date of grant of option.

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

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

	Number of shares
	1 April 2013 to 31 March 2018
Aggregate number of capital reduction of equity shares	23,422,182

Palred Technologies Limited
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(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.

12 Other equity

	31 March 2018	31 March 2017	1 April 2016
Reserves and Surplus			
Capital reserve			
Balance at the beginning and end of the year	**14,280,000**	**14,280,000**	**14,280,000**
General reserve			
Balance at the beginning and end of the year	**132,524,353**	**132,524,353**	**132,524,353**
Securities premium reserve			
Balance at the beginning of the year	**467,129,888**	**467,129,888**	
Add : Additions during the year	204,900,205	-	
Balance at the end of the year	**672,030,093**	**467,129,888**	**467,129,888**
Retained earnings			
Balance at the beginning of the year	**(142,812,319)**	**(113,136,974)**	
Add : Net profit/(loss) for the year	7,183,231	(29,675,345)	
Balance at the end of the year	**(135,629,088)**	**(142,812,319)**	**(113,136,974)**
Other comprehensive income			
Actuarial gains/(losses)			
Balance at the beginning of the year	**37,548**	**-**	
Add/(less) : Additions for the year	(38,554)	37,548	
Balance at the end of the year	**(1,006)**	**37,548**	**-**
	683,204,352	**471,159,470**	**500,797,267**

Nature and purpose of reserves

(a) Capital reserve

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

(b) General reserve

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

(c) Securities premium reserve

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

(d) Actuarial gains/(losses) on remeasurement of defined benefit obligation

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

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

13 Financial liabilities
Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Unpaid dividends*	1,840,195	1,869,195	1,976,166
Unclaimed capital reduction	800,802	810,702	855,747
Other payables	712,113	2,054,392	1,685,900
	3,353,110	**4,734,289**	**4,517,813**

*The Company has transferred ₹Nil (31 March 2017: ₹93,536; 1 April 2016: ₹Nil) to Investor Education and Protection Fund relating to dividend payable upon expiry of 7 years from the date they remain unclaimed.

14 Provisions

	31 March 2018	31 March 2017	1 April 2016
Gratuity	247,480	153,106	175,101
	247,480	**153,106**	**175,101**

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

	31 March 2018	31 March 2017	1 April 2016
Future Salary rise	7.00%	7.00%	7.00%
Discount rate	7.68%	7.22%	7.72%
Attrition rate			
For service 4 years and below	30.00%	30.00%	17.00%
For service 5 years and above	2.00%	2.00%	17.00%
Mortality table	India assured lives mortality (2006-08)		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

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

	Present value of obligations
As at 1 April 2016	175,101
Interest cost	14,379
Current service cost	87,976
Total amount recognized in statement of profit and loss	**102,355**
Remeasurements	
Actuarial gain on obligation	(37,548)
Total amount recognized in OCI	**(37,548)**
Liability transferred out	(86,802)
As at 31 March 2017	**153,106**
Interest cost	11,054
Current service cost	44,766
Total amount recognized in statement of profit and loss	**55,820**
Remeasurements	
Actuarial loss on obligation	38,554
Total amount recognized in other comprehensive income	**38,554**
As at 31 March 2018	**247,480**

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

	Changes in assumption	31 March 2018		31 March 2017	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Future salary rise	1.00%	25,344	(21,555)	18,356	(15,514)
Discount rate	1.00%	(21,248)	25,426	(15,353)	18,503
Attrition rate	1.00%	(434)	202	(3,037)	3,009

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure

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

(a) Asset volatility — The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy; if plan assets underperform this yield, this will create a deficit.

(b) Changes in bond yields — A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy — The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit liability and employer contributions

There is no compulsion on the part of the Company to prefund the liability of the plan. The Company's philosophy is not to externally fund these liabilities but instead create an accounting provisions in its books of account and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The expected future cash flows in respect of gratuity as at 31 March 2018 were as follows:

	Amount
Expected Contribution	
During the year ended 31 March 2019	76,671
Expected future benefit payments	
31 March 2019	3,872
31 March 2020	6,872
31 March 2021	7,272
31 March 2022	149,118
31 March 2023	3,573
Thereafter	493,987

The expected future cash flows in respect of gratuity as at 31 March 2017 were as follows:

	Amount
Expected Contribution	
During the year ended 31 March 2018	55,820
Expected future benefit payments	
31 March 2018	963
31 March 2019	2,311
31 March 2020	4,335
31 March 2021	4,587
31 March 2022	88,716
Thereafter	328,853

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

15 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
Balances due to government authorities	147,249	144,447	377,788
	147,249	**144,447**	**377,788**

16 Other income

	31 March 2018	31 March 2017
Dividends income from mutual funds	5,101,641	11,067,325
Interest income	12,459,200	-
Service tax refund	-	701,677
Provision no longer required, written back	5,211,292	-
Miscellaneous income	380,613	16,512
	23,152,746	**11,785,514**

17 Employee benefits expenses

	31 March 2018	31 March 2017
Salaries and wages	6,035,108	5,838,871
Contribution to provident fund	128,508	150,508
Gratuity	55,820	102,355
Staff welfare expenses	463,765	599,342
	6,683,201	**6,691,076**

18 Other expenses

	31 March 2018	31 March 2017
Rent	622,500	937,500
Rates and taxes	664,132	6,792,453
Office maintenance	2,675,085	3,332,460
Advertisement and recruitment	-	229,370
Communication	157,777	502,279
Postage and courier	105,328	142,461
Insurance	15,217	80,920
Power and fuel	185,520	574,365
Travelling and conveyance	1,055,011	738,104
Legal and professional expenses	492,500	3,048,342
Donations	25,000	-
Payments to auditor		
-Statutory audit fees	997,000	900,000
-Other services	-	91,553
Advances written off	24,796	36,212
Miscellaneous expenses	3,328	19,042
	7,023,194	**17,425,061**

19 Contingent liabilities and commitments

	31 March 2018	31 March 2017
Claims against company not acknowledged as debt - income tax*	3,882,740	114,381,016

*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.

20 Exceptional item

Advance tax 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 for the year ended 31 March 2017.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

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21 Income tax

(a) Income tax expense recognised in the Statement of Profit and Loss

	31 March 2018	31 March 2017
Adjustments for current tax of prior periods	-	7,457,083
Total income tax expense recognised in the Statement of Profit and Loss	**-**	**7,457,083**

(b) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate

	31 March 2018	31 March 2017
Profit/(loss) before tax	7,183,231	(22,218,262)
At statutory income tax rate of 34.608%	**2,485,973**	**-**
Set-off against carry forward unabsorbed depreciation	(2,485,973)	-
Adjustments for current tax of prior periods	-	7,457,083
Income tax expense reported in the Statement of Profit and Loss	**-**	**7,457,083**

22 Deferred taxes

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

23 Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Country	Nature of relationship
Palred Online Technologies Private Limited	India	Subsidiary
Palred Technology Services Private Limited	India	Wholly owned subsidiary
Mr. Palem Srikanth Reddy		Key management personnel ('KMP')
Ms. Supriya Reddy		Relative of KMP

(b) Transactions with related parties

	31 March 2018	31 March 2017
Palred Online Technologies Private Limited		
Investment in equity shares	100,000,000	50,000,000
Palred Technology Services Private Limited		
Investment in equity shares	30,000,000	-
Reimbursement of expenses	10,635	234,341
Mr. Palem Srikanth Reddy		
Remuneration*	3,000,000	3,000,000
Purchase of beneficial interest in equity shares	-	90,000
Reimbursement of expenses	261,951	-
Ms. Supriya Reddy		
Office Rent	622,500	402,500

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

(c) Balances payable

	31 March 2018	31 March 2017
Mr. Palem Srikanth Reddy	40,087	-
Palred Online Technologies Private Limited	151,039	-

24 Subsequent events

(i) Subsequent to the year end, the Company has invested in 1,000,000 equity shares of ₹10 each of Palred Technology Services Private Limited, a subsidiary of the Company, at par value aggregating to ₹10,000,000.

(ii) Subsequent to the year end, the Company has invested in 640,000 equity shares of ₹10 each of Palred Online Technologies Private Limited, a subsidiary of the Company, at a premium of ₹52.50 per share aggregating to

(iii) Palred Retail Private Limited, a subsidiary of the Company with paid up share capital of ₹500,000 consisting of 50,000 equity shares of ₹10 each, is incorporated subsequent to the year end.

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25 Fair value measurements

(a) Financial instruments by category

	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	**Amortised cost**	**FVTPL**	**Amortised cost**	**FVTPL**	**Amortised cost**
Financial assets						
Current investments	59,868,397	-	199,733,051	-	57,365,728	-
Cash and cash equivalents	-	1,387,716	-	1,562,865	-	1,203,209
Bank balances other than cash and cash equivalents	-	228,640,997	-	2,679,897	-	2,831,238
Other financial assets	-	5,515,638	-	-	-	13,341
Total financial assets	**59,868,397**	**235,544,351**	**199,733,051**	**4,242,762**	**57,365,728**	**4,047,788**
Financial liabilities						
Other financial liabilities	-	3,353,110	-	4,734,289	-	4,517,813
Total financial liabilities	**-**	**3,353,110**	**-**	**4,734,289**	**-**	**4,517,813**

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

	31 March 2018		31 March 2017		1 April 2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Current investments	59,868,397	59,868,397	199,733,051	199,733,051	57,365,728	57,365,728
Cash and cash equivalents	1,387,716	1,387,716	1,562,865	1,562,865	1,203,209	1,203,209
Bank balances other than cash and cash equivalents	228,640,997	228,640,997	2,679,897	2,679,897	2,831,238	2,831,238
Other financial assets	5,515,638	5,515,638	-	-	13,341	13,341
	295,412,748	**295,412,748**	**203,975,813**	**203,975,813**	**61,413,516**	**61,413,516**
Financial liabilities						
Other financial liabilities	3,353,110	3,353,110	4,734,289	4,734,289	4,517,813	4,517,813
	3,353,110	**3,353,110**	**4,734,289**	**4,734,289**	**4,517,813**	**4,517,813**

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

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
-the use of quoted market prices or dealer quotes for similar instruments
-the fair value of the remaining financial instruments is determined using discounted cash flow analysis.
All of the resulting fair value estimates are included in level 2. For unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

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

	31 March 2018		31 March 2017		1 April 2016	
	Level 2	**Level 3**	**Level 2**	**Level 3**	**Level 2**	**Level 3**
Financial instruments measured at fair value, recurring fair value measurements						
Current investments	59,868,397	-	199,733,051	-	57,365,728	-
Total financial assets	**59,868,397**	**-**	**199,733,051**	**-**	**57,365,728**	**-**

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

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

26 Financial risk management

The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. Currently, as the management is evaluating multiple business options, Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance.

A. Credit risk

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

B. Liquidity risk

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

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

Particulars	**31 March 2018**	**31 March 2017**	**1 April 2016**
Current assets	295,701,129	204,236,175	61,722,713
Current liabilities	3,500,359	4,878,736	4,895,601
Working capital	**292,200,770**	**199,357,439**	**56,827,112**

C. Market risk

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

27 Capital management

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

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

28 First-time adoption ('FTA') of Ind AS - Transition to Ind AS

These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 (previous GAAP or Indian GAAP). The Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition), as described in the summary of significant accounting policies. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

(a) Ind AS optional exemptions

(i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(ii) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(iii) Investment in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investment in subsidiaries at their previous GAAP carrying value.

(b) Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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

B. Reconciliations between previous GAAP and Ind AS

(a) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

The transition from Indian GAAP to Ind AS had no material impact on the total equity.

(b) Reconciliation of total comprehensive income for the year ended 31 March 2017

	31 March 2017
Loss after tax as per previous GAAP	**(29,637,797)**
Adjustments:	
Remeasurements of post-employment benefit obligations	(37,548)
Total adjustments	**(37,548)**
Loss after tax as per Ind AS	**(29,675,345)**
Other comprehensive income	37,548
Total comprehensive income as per Ind AS	**(29,637,797)**

C. Notes to first-time adoption:

1 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2017 decreased by ₹37,548. There is no impact on the total equity as at 31 March 2017.

2 Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

3 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

4 Statement of cash flows

The transition from Indian GAAP to Ind AS had no material impact on the statement of cash flows.

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN : 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Independent Auditror'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 2018, the Consolidated Statement of Profit (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 companies 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 subsidiaries, 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 (consolidated financial position) of the Group as at 31 March 2018, and their consolidated loss (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not audit the financial information of three subsidiaries, whose financial information reflect total assets of ₹25,638,628 and net assets of ₹25,216,502 as at 31 March 2018, total revenues of ₹132,412 and net cash inflows amounting to ₹14,164,645 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 subsidiaries 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.

10. The Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 26 May 2017 and 30 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. 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 Ind AS specified under Section 133 of the Act;

e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2018 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 27 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act; and

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

per **Nikhil Vaid**
Partner
Membership No.: 213356

Place: Hyderabad
Date: 30 May 2018

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 2018

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 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and 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 and 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 and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note, issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR 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 and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR 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 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Nikhil Vaid**
Partner
Membership No.: 213356

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited
Consolidated Balance Sheet as at 31 March 2018
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	7	10,441,246	12,201,466	12,439,554
Goodwill	8	21,620,434	22,888,215	21,620,434
Other intangible assets	8	3,584,582	3,223,546	4,247,868
Financial assets				
Loans	9(b)	3,389,827	2,990,827	3,734,825
Other non-current assets	10	22,469,405	22,072,525	35,822,704
Total non-current assets		**61,505,494**	**63,376,579**	**77,865,385**
Current assets				
Inventories	11	57,576,235	41,706,234	56,088,481
Financial assets				
Investments	9(a)	75,324,536	203,270,657	340,922,925
Cash and cash equivalents	9(c)	30,807,416	14,725,192	28,980,500
Bank balances other than cash and cash equivalents	9(d)	251,144,943	2,679,897	2,831,238
Other financial assets	9(e)	26,720,098	21,116,615	10,849,576
Other current assets	10	21,079,566	6,220,995	6,237,783
Total current assets		**462,652,794**	**289,719,590**	**445,910,503**
Total assets		**524,158,288**	**353,096,169**	**523,775,888**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	12	97,325,660	82,130,830	82,130,835
Other equity	13	329,681,868	201,110,986	319,085,695
Equity attributable to owners		**427,007,528**	**283,241,816**	**401,216,530**
Non-controlling interest		13,173,922	1,256,590	8,506,832
Total equity		**440,181,450**	**284,498,406**	**409,723,362**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	14(c)	909,400	-	-
Provisions	15	1,351,698	772,939	522,977
Total non-current liabilities		**2,261,098**	**772,939**	**522,977**
Current liabilities				
Financial liabilities				
Borrowings	14(a)	3,372,923	-	-
Trade payables	14(b)	29,700,272	31,819,910	22,761,888
Other financial liabilities	14(c)	44,524,944	32,898,627	55,608,397
Other current liabilities	16	4,113,616	3,103,977	35,158,395
Provisions	15	3,985	2,310	869
Total current liabilities		**81,715,740**	**67,824,824**	**113,529,549**
Total liabilities		**83,976,838**	**68,597,763**	**114,052,526**
Total equity and liabilities		**524,158,288**	**353,096,169**	**523,775,888**

The accompanying notes form an integral part of these consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

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

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN: 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017
Revenue from operations	17	512,213,088	411,672,819
Other income	18	25,882,178	15,818,182
Total income		**538,095,266**	**427,491,001**
Expenses			
Purchases of stock-in-trade		209,815,298	150,420,134
Changes in inventories of stock-in-trade	19	(15,063,316)	16,073,454
Employee benefits expense	20	75,927,919	60,091,884
Finance costs	21	393,576	-
Depreciation and amortisation expense	7, 8	8,870,242	7,574,412
Other expenses	22	322,380,415	307,403,833
Total expenses		**602,324,134**	**541,563,717**
Loss before tax and exceptional item		**(64,228,868)**	**(114,072,716)**
Exceptional item	26	-	7,791,886
Loss before tax		**(64,228,868)**	**(121,864,602)**
Tax expense			
Adjustments for current tax of prior periods		-	7,457,083
Loss for the year		**(64,228,868)**	**(129,321,685)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations - (Gain)/loss		106,727	(339,235)
Items that will be reclassified to profit or loss			
Foreign currency translation loss		76,396	-
Other comprehensive income/(loss) for the year		**(183,123)**	**339,235**
Total comprehensive loss for the year		**(64,411,991)**	**(128,982,450)**
Loss for the year attributable to:			
Owners of the parent		(54,736,746)	(112,961,590)
Non-controlling interests		(9,492,122)	(16,360,095)
Other comprehensive income/(loss) attributable to:			
Owners of the parent		(171,277)	296,117
Non-controlling interests		(11,846)	43,118
Total comprehensive loss attributable to:			
Owners of the parent		(54,908,023)	(112,665,473)
Non-controlling interests		(9,503,968)	(16,316,977)
Earnings per equity share [EPES]			
Basic and Diluted EPES		(5.72)	(13.75)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		9,570,210	8,213,083
Nominal value per equity share		10	10

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

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

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

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S.Vijaya Saradhi
Director
DIN: 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited

Consolidated Cash Flow Statement for the year ended 31 March 2018

(All amounts in ₹ unless otherwise stated)

		31 March 2018	31 March 2017
Cash flows from operating activities			
Loss before tax		**(64,228,868)**	**(121,864,602)**
Adjustments to reconcile profit before tax to net cash flows :			
Depreciation and amortisation expense		8,870,242	7,574,412
Dividend income from mutual funds		(6,832,959)	(14,042,154)
Balances written off		3,033,069	9,328,569
Provision no longer required, written back		(5,211,292)	-
Interest expense		393,576	-
Interest income		(13,343,161)	-
Operating loss before working capital changes		**(77,319,393)**	**(119,003,775)**
Movements in working capital:			
Changes in inventories		(15,870,001)	14,382,247
Changes in loans		(399,000)	743,998
Changes in financial assets		(2,826,893)	(11,785,854)
Changes in other assets		(10,044,159)	(1,592,493)
Changes in trade payables		(2,119,638)	8,823,022
Changes in financial liabilities		12,267,233	(22,207,485)
Changes in provisions		473,707	590,632
Changes in other current liabilities		1,009,693	(32,054,418)
Cash used in operating activities		**(94,828,451)**	**(162,104,126)**
Income taxes paid		-	-
Net cash used in operating activities	**A**	**(94,828,451)**	**(162,104,126)**
Cash flows from investing activities			
Purchase of fixed assets		(5,934,794)	(6,514,775)
Acquisition of subsidiary (net of cash balances on the date of acquisition)		-	(1,088,329)
Payment towards the purchase of equity shares from non-controlling interest		-	(100,000)
Investment in term deposits, net		(248,465,046)	-
Proceeds from mutual funds, net		127,946,121	137,652,268
Dividend income from mutual funds		6,832,959	14,042,154
Interest received		7,533,502	-
Net cash used in/(generated from) investing activities	**B**	**(112,087,258)**	**143,991,318**

Palred Technologies Limited
Consolidated Cash Flow Statement for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

		31 March 2018	31 March 2017
Cash flows from financing activities			
Proceeds from issuance of equity shares		220,095,035	-
Proceeds from issuance of equity shares of subsidiary to non-controlling interest		-	3,857,500
Proceeds from current borrowings (net)		3,372,923	-
Interest paid		(393,576)	-
Net cash from financing activities	**C**	**223,074,382**	**3,857,500**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		16,158,673	(14,255,308)
Cash and cash equivalents at the beginning of year		14,725,192	28,980,500
Foreign currency translation adjustments		(76,449)	-
Cash and cash equivalents as at the end of the year		**30,807,416**	**14,725,192**

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

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

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S.Vijaya Saradhi
Director
DIN: 03089889

Naveen Kumar
Company Secretary

Place: Hyderabad
Date: 30 May 2018

Palred Technologies Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹ unless otherwise stated)

A. Equity share capital

	31 March 2018		31 March 2017	
	Number of	Amount	Number of	Amount
Equity shares of ₹10 each issued, subscribed and fully paid up				
Balance at the beginning of the year	8,213,083	82,130,830	8,213,084	82,130,835
Issue of equity shares	1,519,483	15,194,830	-	-
Cancellation of one equity share	-	-	(1)	(5)
Balance at the end of the year	**9,732,566**	**97,325,660**	**8,213,083**	**82,130,830**

B. Other equity

	Reserves and surplus				OCI		Total	Non-controlling interest
	Capital reserve	General reserve	Securities premium reserve	Retained earnings	Actuarial gains/ (losses)	Foreign currency translation reserve		
As at 1 April 2016	**14,280,000**	**132,524,353**	**467,129,888**	**(294,848,546)**	-	-	**319,085,695**	**8,506,832**
Acquisition of additional interest in subsidiary	-	-	-	(8,033,192)	-	-	(8,033,192)	8,033,192
Contribution by non-controlling interest	-	-	-	2,723,956		-	2,723,956	(2,723,956)
Issue of equity shares of subsidiary to non-controlling interest	-	-	-	-	-	-	-	3,857,500
Purchase of equity shares of subsidiary from non-controlling interest	-	-	-	-	-	-	-	(100,000)
Net loss for the year	-	-	-	(112,961,590)	-	-	(112,961,590)	(16,360,095)
Remeasurement of employment benefit obligations	-	-	-	-	296,117	-	296,117	43,118
Total comprehensive loss	**-**	**-**	**-**	**(112,961,590)**	**296,117**	**-**	**(112,665,473)**	**(16,316,977)**
At 31 March 2017	**14,280,000**	**132,524,353**	**467,129,888**	**(413,119,372)**	**296,117**	**-**	**201,110,986**	**1,256,590**
Issue of equity shares	-	-	204,900,205	-	-	-	204,900,205	**-**
Acquisition of additional interest in subsidiary	-	-	-	(17,484,655)	-	-	(17,484,655)	17,484,655
Distribution to non-controlling interest	-	-	-	(3,936,645)	-	-	(3,936,645)	3,936,645
Net loss for the year	-	-	-	(54,736,746)	-	-	(54,736,746)	(9,492,122)
Remeasurement of employment benefit obligations	-	-	-	-	(94,881)	-	(94,881)	(11,846)
Foreign currency translation adjustments	-	-	-	-	-	(76,396)	(76,396)	-
Total comprehensive loss	**-**	**-**	**-**	**(54,736,746)**	**(94,881)**	**(76,396)**	**(54,908,023)**	**(9,503,968)**
At 31 March 2018	**14,280,000**	**132,524,353**	**672,030,093**	**(489,277,418)**	**201,236**	**(76,396)**	**329,681,868**	**13,173,922**

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

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

per **Nikhil Vaid**
Partner

Place: Hyderabad
Date: 30 May 2018

For and behalf of board of directors of
Palred Technologies Limited

Palem Srikanth Reddy
Managing Director
DIN : 00025889
Place: Hyderabad
Date: 30 May 2018

S.Vijaya Saradhi
Director
DIN: 03089889

Naveen Kumar
Company Secretary

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

1. Group's overview

The consolidated financial statements of "Palred Technologies Limited" ("the Company" or "PTL" or "Parent Company" or "Parent") and its subsidiaries (collectively referred to as "Group") are for the year ended 31 March 2018.

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 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.

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

2. General information and statement of compliance with Ind AS

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

For all periods up to and including the year ended 31 March 2017, the Group has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP or Indian GAAP). These consolidated financial statements for the year ended 31 March 2018 are the first which the Group has prepared in accordance with Ind AS (see note 35 for explanation for transition to Ind AS). For the purpose of comparatives, consolidated financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

These consolidated financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 30 May 2018.

3. Basis of preparation of consolidated financial statements

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

i. certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and

ii. employee defined benefit liabilities are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation, if any.

4. Summary of significant accounting policies

4.0 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill or capital reserve.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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 2018	31 March 2017	1 April 2016
Palred Online Technologies Private Limited ('POT')	India	Subsidiary	82.45	81.49	79.34
Palred Technology Services Private Limited ('PTS')	India	Subsidiary	100.00	100.00	99.83
Palred Technology Services Inc. ('PTS Inc.')	USA	Subsidiary of PTS	100.00	100.00	99.83
Thati Consultants Private Limited ('TCPL')*	India	Subsidiary of PTS	-	100.00	-
Palred Online Technologies Limited**	Hong Kong	Subsidiary of POT	100.00	-	-
Palred Online Bilism Teknoljileri Ticaret Anomin Sirketi**	Turkey	Subsidiary of POT	100.00	-	-

*acquired during financial year ended 2016-17 and merged with PTS with effect from 1 April 2017.
**incorporated during the financial year ended 2017-18

4.1 Business combinations

Common control transactions
Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies;
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve;

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

- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee; and
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Other business combinations

Other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

4.2 Operating Cycle and Current versus non-current classification

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

An **asset** is classified as current when it is:
• Expected to be realised or intended to sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period; or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current. Deferred tax liabilities are classified as non-current liabilities.

4.3 Foreign currency

Functional and presentation currency
The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to Statement of Profit and Loss reflects the amount that arises from using this method.

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

Transactions and balances
Foreign currency transactions are initially recorded in the functional currency, by applying to the functional currency spot exchange rate between the functional currency and the foreign currency at the date the transaction first qualifies for recognition.

Foreign currency monetary items are converted to functional currency using the functional currency closing spot exchange rates at the reporting date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their consolidated statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statement of profit and loss.

4.4 Fair value measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

4.5 Revenue recognition

Revenue is recognized, when it is probable that economic benefits associated with a transaction flows to the Group in the course of its ordinary activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding the taxes or duties collected on behalf of government.

Sale of goods
Revenue from sale of goods is recognized when the following conditions are satisfied:

- The Group has transferred the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods includes only the gross inflows of economic benefits, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, goods and services tax and value added tax are excluded from revenue. Accrual for sales returns and other allowances are provided at the point of sale based upon past experience. Adjustments to such returns and other allowances are made as new information becomes available.

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.

The recovery of service tax (upto 30 June 2017) and Goods and Services tax (from 1 July 2017) is not made by the Group on its own account. Rather, it is collected on services provided by the Group on behalf of the government. Accordingly, it is excluded from revenue.

Interest Income
Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

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

4.6 Taxes

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

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

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

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

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

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

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

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

4.7 Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

4.8 Property, plant and equipment (PPE)

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

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

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

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

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

4.9 Intangible assets

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

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

The Group has elected to continue with the carrying value for its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

4.10 Impairment of non-financial assets

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

4.11 Leases

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

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

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

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

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

4.12 Inventories

Inventories comprise of stock-in-trade and packing materials.

Stock-in-trade are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete the sales.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.13 Provisions and contingencies

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

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

Contingencies
Contingent liability is disclosed for:

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

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

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4.14 Employee benefits

Defined contribution plan

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

Defined benefit plan

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

Short-term employee benefits

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

4.15 Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL) and
- Equity instruments measured at FVTOCI

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

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

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

Debt instruments at fair value through other comprehensive income (FVTOCI)
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI
All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

Other receivables (dues from collection agencies)
Other receivables (dues from collection agencies) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

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

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

Impairment of financial assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for following financial assets and credit risk exposures:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Other receivables (dues from collection agencies)

The Group follows 'simplified approach' for recognition of impairment loss allowance on dues from collection agencies. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

Financial Liabilities

Initial recognition and measurement
The Group's financial liabilities include trade and other payables, borrowings and other financial instruments. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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

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

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Borrowings
After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

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

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

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

4.16 Contributed equity

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

4.17 Earnings per equity share (EPES)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.18 Cash flow statement

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

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4.19 Cash dividend

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

5. Standard not yet effective

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

Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration:
On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:
On 28 March 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Group will adopt the standard on 1 April 2018 and accordingly comparatives for the year ended 31 March 2018 will not be retrospectively adjusted. Management does not expect adoption of the aforementioned requirement from 1 April 2018 will have a material effect on the consolidated financial statements of the Group.

6. Key accounting estimates and judgements

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

Leases
The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification.

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Sales returns

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue. This allowance is based on the Group's estimate of expected sales returns. The estimate of sales returns is determined primarily by the Group's past history, existing conditions as well as forward looking estimates at the end of each reporting period.

Deferred income taxes

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

Useful lives of various assets

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

Current income taxes

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

Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Impairment of dues from collection agencies

The impairment provisions for dues from collection agencies are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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7 Property, plant and equipment

	Leasehold improvements	Computers	Office equipments	Furniture and fixtures	Electrical installation	Vehicles	Total
Deemed cost as at 1 April 2016	**710,322**	**3,103,196**	**1,111,524**	**6,963,799**	**516,535**	**34,178**	**12,439,554**
Additions	1,182,920	1,568,166	461,958	2,370,257	-	-	5,583,301
Additions on acquisition of subsidiary (refer note 30)	-	-	-	-	-	55,547	55,547
As at 31 March 2017	**1,893,242**	**4,671,362**	**1,573,482**	**9,334,056**	**516,535**	**89,725**	**18,078,402**
Additions	-	2,693,037	602,362	428,221	542,418	-	4,266,038
As at 31 March 2018	**1,893,242**	**7,364,399**	**2,175,844**	**9,762,277**	**1,058,953**	**89,725**	**22,344,440**
Accumulated depreciation							
Up to 31 March 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	694,662	2,352,093	582,352	2,105,314	133,713	8,802	5,876,936
Up to 31 March 2017	**694,662**	**2,352,093**	**582,352**	**2,105,314**	**133,713**	**8,802**	**5,876,936**
Charge for the year	665,759	2,304,646	700,901	2,182,160	141,097	31,695	6,026,258
Up to 31 March 2018	**1,360,421**	**4,656,739**	**1,283,253**	**4,287,474**	**274,810**	**40,497**	**11,903,194**
Net carrying amount							
As at 31 March 2018	**532,821**	**2,707,660**	**892,591**	**5,474,803**	**784,143**	**49,228**	**10,441,246**
As at 31 March 2017	1,198,580	2,319,269	991,130	7,228,742	382,822	80,923	12,201,466
As at 1 April 2016	710,322	3,103,196	1,111,524	6,963,799	516,535	34,178	12,439,554

Deemed cost

	Leasehold improvements	Computers	Office equipments	Furniture and fixtures	Electrical installation	Vehicles	Total
As at 1 April 2016							
Gross block	998,633	7,043,591	2,665,594	11,131,377	585,026	55,058	22,479,279
Less: Accumulated depreciation	288,311	3,940,395	1,554,070	4,167,578	68,491	20,880	10,039,725
Deemed cost upon transition	**710,322**	**3,103,196**	**1,111,524**	**6,963,799**	**516,535**	**34,178**	**12,439,554**

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8 Intangible assets

	Computer Software	Goodwill*	Total
Deemed cost as at 1 April 2016	**4,247,868**	**21,620,434**	**25,868,302**
Additions	673,154	1,267,781	1,940,935
As at 31 March 2017	**4,921,022**	**22,888,215**	**27,809,237**
Additions	1,937,239	-	1,937,239
At 31 March 2018	**6,858,261**	**22,888,215**	**29,746,476**
Accumulated amortization			
Up to 31 March 2016	**-**	**-**	**-**
Charge for the year	1,697,476	-	1,697,476
Up to 31 March 2017	**1,697,476**	**-**	**1,697,476**
Charge for the year	1,576,203	1,267,781	2,843,984
Up to 31 March 2018	**3,273,679**	**1,267,781**	**4,541,460**
Net carrying amount			
As at 31 March 2018	**3,584,582**	**21,620,434**	**25,205,016**
As at 31 March 2017	3,223,546	22,888,215	26,111,761
As at 1 April 2016	4,247,868	21,620,434	25,868,302

Deemed cost

	Internally developed software	Computer Software	Goodwill*	Total
As at 1 April 2016				
Gross block	250,000	6,276,622	21,620,434	28,147,056
Less: Accumulated amortization	250,000	2,028,754	-	2,278,754
Deemed cost upon transition	**-**	**4,247,868**	**21,620,434**	**25,868,302**

*refer note 35 for further details.

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9 Financial assets

(a) Investments

	31 March 2018	31 March 2017	1 April 2016
Investments at fair value through profit or loss ("FVTPL")			
Investments in mutual funds, non-trade, unquoted			
Nil (31 March 2017: Nil; 1 April 2016: 2,299,842) units Kotak Equity Arbitrage Fund- Monthly Plan	-	-	25,046,199
10,019 (31 March 2017: Nil; 1 April 2016: 69,737) units Kotak Floater Short Term - Direct Plan-DD	10,135,552	-	70,547,773
Nil (31 March 2017: Nil; 1 April 2016: 502,173) units Birla Sunlife Cash Plus Liquid Fund	-	-	50,315,309
Nil (31 March 2017: Nil, 1 April 2016: 5,685,677) units of IDFC Banking Debt Fund	-	-	57,363,103
525,906 (31 March 2017: 9,208,033, 1 April 2016: 13,689,363) units of IDFC Ultra Short term - Daily Dividend plan	5,320,587	93,103,335	137,647,916
4,596,326 (31 March 2017: 4,448,544, 1 April 2016: Nil) units of IDFC Arbitrage Fund - Monthly Dividend Reinvestment plan	59,865,772	57,890,235	-
Nil (31 March 2017: 51,674, 1 April 2016: Nil) units of Kotak Floater Short Term - Daily Dividend plan	-	52,274,462	-
Investments in equity instruments of wholly owned subsidiary, trade, unquoted			
10,000,000 (31 March 2017: 10,000,000, 1 April 2016: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625	2,625
	75,324,536	**203,270,657**	**340,922,925**

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

Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	75,324,536	203,270,657	340,922,925
Aggregate amount of impairment of value in investments	-	-	-

(b) Loans

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Security deposits			
– related party	1,200,000	1,200,000	1,200,000
– others	2,189,827	1,790,827	2,534,825
	3,389,827	**2,990,827**	**3,734,825**

Loan to Mrs. Supriya Reddy, Relative of Director is given towards rental deposit for head office building occupied by the Company.

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

(c) Cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balances with banks			
– in current accounts	30,560,013	14,630,962	28,853,128
Cash on hand	237,716	84,543	117,685
Fixed deposits with original maturity of less than three months	9,687	9,687	9,687
	30,807,416	**14,725,192**	**28,980,500**

(d) Bank balances other than cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balance in unpaid dividend account (year: 2008-09)*	-	-	93,536
Balance in unpaid dividend account (year: 2013-14)	1,840,195	1,869,195	1,881,955
Balance in unpaid capital reduction account	800,802	810,702	855,747
Deposit with maturity more than 3 months but less than 12 months**	248,503,946	-	-
	251,144,943	**2,679,897**	**2,831,238**

* transferred to Investor Education and Protection Fund upon expiry of 7 years from the date they remain unclaimed.

**The Group has pledged fixed deposits amounting to ₹22,503,946 to fulfill collateral requirements. Refer to note 14 for

(e) Other financial assets

	31 March 2018	31 March 2017	1 April 2016
Interest accrued but not due on fixed deposits	5,809,659	-	13,341
Due from collection agencies	20,910,439	21,116,615	10,836,235
	26,720,098	**21,116,615**	**10,849,576**

10 Other assets

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Non-current			
Security deposits	-	-	290,000
Advance tax (net of provision)	21,828,573	11,106,114	31,358,451
Deposit with statutory authorities	-	4,174,253	4,174,253
Balances with government authorities	640,832	6,792,158	-
	22,469,405	**22,072,525**	**35,822,704**
Current			
Advances other than capital advances			
Prepaid expenses	1,494,534	1,396,199	1,873,555
Vendor and employee advances	10,404,957	4,470,182	4,165,152
Other advances	555,782	282,114	108,708
Balances with government authorities	8,624,293	72,500	90,368
	21,079,566	**6,220,995**	**6,237,783**
	43,548,971	**28,293,520**	**42,060,487**

11 Inventories

	31 March 2018	31 March 2017	1 April 2016
Stock-in-trade (at lower of cost and net realizable value)	55,078,343	40,015,027	56,088,481
Packing materials (at cost)	2,497,892	1,691,207	-
	57,576,235	**41,706,234**	**56,088,481**

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

12 Equity share capital

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorized share capital						
Equity shares of ₹10 each	28,038,800	280,388,000	28,038,800	280,388,000	28,038,800	280,388,000
14% preference shares of ₹100 each	696,120	69,612,000	696,120	69,612,000	696,120	69,612,000
Issued, subscribed and fully paid up shares						
Equity shares of ₹10 each	9,732,566	97,325,660	8,213,083	82,130,830	8,213,084	82,130,835
	9,732,566	**97,325,660**	**8,213,083**	**82,130,830**	**8,213,084**	**82,130,835**

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

	31 March 2018		31 March 2017	
	Number	Amount	Number	Amount
Equity Shares				
At the beginning of the year	8,213,083	82,130,830	8,213,084	82,130,835
Add: Issue of shares	1,519,483	15,194,830	-	-
Less : Cancellation of one equity share [refer note (f)]			(1)	(5)
Balance at the end of the year	**9,732,566**	**97,325,660**	**8,213,083**	**82,130,830**

(b) Terms attached to equity shares

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

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

	31 March 2018		31 March 2017		1 April 2016	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Sanhita Reddy	1,000,000	10.27%	1,000,000	12.18%	1,000,000	12.18%
Passage to India Master Fund Limited	701,586	7.21%	459,631	5.60%	Not applicable	
Ashish Dhawan	678,189	6.97%	Not applicable		Not applicable	
Palem Srikanth Reddy	602,261	6.19%	602,254	7.33%	580,301	7.07%

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 equity shares to eligible employees. The minimum vesting period shall be one year from the date of grant of options and maximum vesting period shall not exceed five years. The exercise price per option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on the date of grant of option.

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

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

	Number of shares
	1 April 2013 to 31 March 2018
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 Palem Srikanth Reddy (Promoter) 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.

13 Other equity

	31 March 2018	31 March 2017	1 April 2016
Reserves and Surplus			
Capital reserve			
Balance at the beginning and end of the year	**14,280,000**	**14,280,000**	**14,280,000**
General reserve			
Balance at the beginning and end of the year	**132,524,353**	**132,524,353**	**132,524,353**
Securities premium reserve			
Balance at the beginning of the year	467,129,888	467,129,888	
Add : Additions during the year	204,900,205	-	
Balance at the end of the year	**672,030,093**	**467,129,888**	**467,129,888**
Retained earnings			
Balance at the beginning of the year	(413,119,372)	(294,848,546)	
Add: Net loss for the year	(54,736,746)	(112,961,590)	
Add: Acquisition of additional interest in subsidiary	(17,484,655)	(8,033,192)	
Add: Contribution by/to non-controlling interest	(3,936,645)	2,723,956	
Balance at the end of the year	**(489,277,418)**	**(413,119,372)**	**(294,848,546)**
Other comprehensive income			
Actuarial gain/(loss)			
Balance at the beginning of the year	296,117	-	
Add : Additions for the year	(94,881)	296,117	
Balance at the end of the year	**201,236**	**296,117**	**-**
Foreign currency translation reserve			
Balance at the beginning of the year	-	-	
Add : Additions during the year	(76,396)	-	
Balance at the end of the year	**(76,396)**	**-**	**-**
	329,681,868	**201,110,986**	**319,085,695**

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

(a) Capital reserve

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

(b) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(c) Securities premium reserve

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

(d) Actuarial gain/(loss) on remeasurement of defined benefit obligation

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

(e) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

14 Financial liabilities

(a) Current borrowings

	31 March 2018	31 March 2017	1 April 2016
Secured, loans repayable on demand from banks			
Bank overdraft	3,372,923	-	-
	3,372,923	**-**	**-**

(i) Loan repayable on demand from bank in the nature of bank overdraft is secured by way of fixed deposits amounting to ₹22,503,946 and carry an interest of 1.5% over and above the pledged fixed deposits interest rates per annum.

(ii) **Net debt reconciliation**

	Amounts
Net debt as at 1 April 2017	-
Cash flows, net	3,372,923
Interest expense	393,576
Interest paid	(393,576)
Net debt as at 31 March 2018	**3,372,923**

(b) Trade payables

	31 March 2018	31 March 2017	1 April 2016
Trade payables			
– others	29,700,272	31,819,910	22,761,888
	29,700,272	**31,819,910**	**22,761,888**

(i) Trade payables are non-interest bearing and are normally settled on 90-day terms.

(ii) 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.

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

(c) Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Dealer deposits	909,400	-	-
	909,400	**-**	**-**
Current			
Payable to customer towards refund	12,938,125	10,182,069	-
Liabilities for expenses	23,648,789	15,076,843	48,565,973
Creditor for capital goods	431,233	162,750	421,069
Unpaid dividends	1,840,195	1,869,195	1,976,166
Unclaimed capital reduction	800,802	810,702	855,747
Other payables	4,865,800	4,797,068	3,789,442
	44,524,944	**32,898,627**	**55,608,397**
	45,434,344	**32,898,627**	**55,608,397**

15 Provisions

	31 March 2018		31 March 2017		1 April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Gratuity	1,351,698	3,985	772,939	2,310	522,977	869
	1,351,698	**3,985**	**772,939**	**2,310**	**522,977**	**869**

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

	31 March 2018	31 March 2017	1 April 2016
Future Salary rise	7.00%	7.00%	7.00%
Discount rate	7.68%	7.22%	7.72%
Attrition rate			
For service 4 years and below	30.00%	30.00%	17.00%
For service 5 years and above	2.00%	2.00%	17.00%
Mortality table	India assured lives mortality (2006-08)		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

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

	Present value of obligations
As at 1 April 2016	523,846
Interest cost	538,349
Current service cost	41,134
Total amount recognised in statement of profit and loss	**579,483**
Remeasurements	
Actuarial gain on obligation	(339,235)
Total amount recognised in OCI	**(339,235)**
Liability transferred in	11,155
As at 31 March 2017	**775,249**
Interest cost	55,164
Current service cost	418,543
Total amount recognised in statement of profit and loss	**473,707**
Remeasurements	
Actuarial loss on obligation	106,727
Total amount recognised in other comprehensive income	**106,727**
As at 31 March 2018	**1,355,683**

Sensitivity analysis

	Changes in assumption	31 March 2018		31 March 2017	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Future Salary rise	1.00%	236,469	(193,733)	144,435	(117,613)
Discount rate	1.00%	(190,981)	237,253	(116,526)	145,784
Attrition rate	1.00%	(21,596)	19,155	(26,193)	26,614

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure

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

(a) Asset volatility — The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy; if plan assets underperform this yield, this will create a deficit.

(b) Changes in bond yields — A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy — The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

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Defined benefit liability and employer contributions

There is no compulsion on the part of the Group to prefund the liability of the plan. The Group's philosophy is not to externally fund these liabilities but instead create an accounting provisions in its books of account and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The expected future cash flows in respect of gratuity as at 31 March 2018 were as follows:

	Amount
Expected Contribution	
During the year ended 31 March 2019	663,118
Expected future benefit payments	
31 March 2019	10,102
31 March 2020	22,689
31 March 2021	30,810
31 March 2022	181,069
31 March 2023	117,549
Thereafter	5,652,392

The expected future cash flows in respect of gratuity as at 31 March 2017 were as follows:

	Amount
Expected Contribution	
During the year ended 31 March 2018	473,707
Expected future benefit payments	
31 March 2018	2,969
31 March 2019	7,677
31 March 2020	15,612
31 March 2021	21,135
31 March 2022	160,168
Thereafter	3,042,061

16 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
Balances due to government authorities	4,113,616	3,103,977	35,158,395
	4,113,616	**3,103,977**	**35,158,395**

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

17 Revenue from operations

	31 March 2018	31 March 2017
Sale of goods	481,799,997	297,656,607
Sale of services	30,413,091	114,016,212
	512,213,088	**411,672,819**

18 Other income

	31 March 2018	31 March 2017
Dividends income from mutual funds	6,832,959	14,042,154
Interest income	13,343,161	-
Provision no longer required, written back	5,211,292	-
Service tax refund	-	701,677
Miscellaneous income	494,766	1,074,351
	25,882,178	**15,818,182**

19 Changes in inventories of stock-in-trade

	31 March 2018	31 March 2017
Inventory at the beginning of the year	40,015,027	56,088,481
Inventory at the end of the year	(55,078,343)	(40,015,027)
	(15,063,316)	**16,073,454**

20 Employee benefits expense

	31 March 2018	31 March 2017
Salaries and wages	67,568,897	53,360,701
Contribution to provident fund	3,402,630	2,727,969
Contribution to employee state insurance fund	1,256,399	792,033
Gratuity	473,707	579,483
Staff welfare expenses	3,226,286	2,631,698
	75,927,919	**60,091,884**

21 Finance costs

	31 March 2018	31 March 2017
Interest	393,576	-
	393,576	**-**

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

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22 Other expenses

	31 March 2018	31 March 2017
Rent	7,331,999	7,144,334
Rates and taxes	3,373,602	16,465,969
Repairs and maintenance - others	6,736,055	6,210,285
Freight charges	1,863,287	1,315,271
Insurance	15,217	103,551
Office maintenance	8,265,152	6,237,321
Business promotion expenses	110,244,717	120,763,944
Advertisement and recruitment	-	229,370
Postage and courier	157,786	377,677
Power and fuel	2,112,168	2,129,750
Travelling and conveyance	4,173,133	3,193,172
Delivery charges	136,319,723	112,530,972
Legal and professional charges	6,657,901	6,491,145
Hosting expenses	10,306,557	10,471,631
Refunds related expenses	180,247	-
Communication expenses	901,610	548,476
Payments to auditor		
-Statutory audit fees	2,292,000	2,135,285
-Other services	100,000	91,553
-Reimbursement of expenses	-	23,840
Packing material	10,688,852	7,589,771
Foreign exchange difference, net	-	46,970
Due from collection agencies written off	3,033,069	1,518,815
Bank charges	488,547	115,226
Printing and stationery	584,134	10,120
Sales commission	3,135,821	-
Donations	25,000	-
Miscellaneous expenses	3,393,838	1,659,385
	322,380,415	**307,403,833**

23 Deferred taxes

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

24 Segment reporting

After considering the Company's business model and the internal financial reporting, the management has identified only one reportable segment which is "Trading in computers, mobiles, electronic products, fashion accessories and providing related services". Further, all operations and locations of PPE of the Company are based in India and hence, no separate financial disclosures are applicable in accordance with the requirements of Ind AS 108 - Operating Segments.

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Summary of significant accounting policies and other explanatory information

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25 Subsequent event

Palred Retail Private Limited, a subsidiary of the Company with paid up share capital of ₹500,000 consisting of 50,000 equity shares of ₹10 each, is incorporated subsequent to the year ended 31 March 2018.

26 Exceptional item

Advance tax 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 Group 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 for the year ended 31 March 2017.

27 Contingent liabilities

	31 March 2018	31 March 2017
Claims against company not acknowledged as debt - income tax*	3,882,740	114,381,016

*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.

28 Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Mr. Palem Srikanth Reddy	Key management personnel (KMP)
Ms. Supriya Reddy	Relative of KMP

(b) Transactions with related parties

	31 March 2018	31 March 2017
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
-Reimbursement of expenses	261,951	-
Ms. Supriya Reddy		
-Office rent	2,424,000	2,758,000

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

(c) Balances receivable

	31 March 2018	31 March 2017	1 April 2016
Mr. Palem Srikanth Reddy	40,087	-	-
Ms. Supriya Reddy	1,200,000	1,200,000	1,200,000

29 Sale of Business functions

Effective 1 January 2018, POT has sold the business functions of Order fulfilment, Customer Service and IT Helpdesk to PTS, a fellow subsidiary of the Company, in payment of full purchase consideration of ₹30,000,000. Consequently, the Group has applied the book value accounting in accordance with the provisions of Ind AS, recognising the difference between the book value of the net identifiable assets transferred and the consideration received as an equity transaction.

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	Amounts
Consideration received by POT (A)	**30,000,000**
Less : identifiable assets transferred to PTS	
Property, plant and equipment	4,451,078
Intangible assets	60,324
Inventories	1,823,314
Loans	928,000
Prepaid expenses	306,888
Total identifiable assets transferred (B)	**7,569,604**
Contribution received by POT/distribution from PTS (A-B)	**22,430,396**
Attributable to non-controlling interest in POT	**3,936,645**

30 PTS and TCPL

(i) **Acquisition of TCPL**

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:

	As at 27 December 2016
Assets	
Property, plant and equipment	55,547
Cash and cash equivalents	36,511
	92,058
Equity and liabilities	
Share capital	3,688,000
Other equity	(3,830,942)
Trade payables	235,000
	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.

(ii) **Amalgamation of PTS and TCPL**

Honourable Regional Director has approved the Scheme of Amalgamation u/s 233 of the Companies Act, 2013 ("the Scheme") between PTS ("Transferee Company") and TCPL ("Transferor Company"), a wholly owned subsidiary of PTS with effect from 1 April 2017 (appointed date).

In accordance with the Scheme, the accounting treatment has been given in the standalone financial statements of PTS as follows:
(i) all the assets and liabilities in the books of TCPL stands transferred to and vested in PTS pursuant to the Scheme and is recorded by PTS at their carrying amount as appearing in the books of TCPL; and
(ii) the excess of the amount of the investment in TCPL held by PTS as appearing in the books of PTS over the value of the net assets of TCPL acquired by PTS upon their transfer to and vesting in PTS under the Scheme is debited to "Goodwill account".
The said amalgamation did not have any impact on the consolidated financial statements for the periods presented.

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(All amounts in ₹ unless otherwise stated)

31 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 2018		For the year ended 31 March 2018		For the year ended 31 March 2018		For the year ended 31 March 2018	
	Net assets (Total assets - Total liabilities)		Share in profit or loss		Share in other comprehensive income/loss		Share in total comprehensive income/loss	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive loss	Amount
Parent	183%	780,530,013	-13%	7,183,231	23%	(38,554)	-13%	7,144,677
Subsidiaries								
Indian								
POT	18%	75,272,135	99%	(53,994,055)	-26%	44,843	98%	(53,949,212)
PTS	7%	29,300,837	31%	(17,114,072)	66%	(113,016)	31%	(17,227,088)
TCPL**	0%	-	0%	-	0%	-	0%	-
Foreign								
PTS Inc., USA	3%	11,126,890	0%	-	-20%	34,985	0%	34,985
Palred Online Bilism Teknoljileri Ticaret Anomin Sirketi, Turkey*	0%	744,064	0%	(74,081)	67%	(115,486)	0%	(189,567)
Palred Online Technologies Limited, Hong Kong*	3%	13,345,548	0%	(18,557)	-2%	4,105	0%	(14,452)
Non-controlling interests	-3%	(13,173,922)	-17%	9,492,122	-7%	11,846	-17%	9,503,968
Total	210%	897,145,564	100%	(54,525,412)	100%	(171,277)	100%	(54,696,689)
Consolidation adjustments	-110%	(470,138,036)	0%	(211,334)	0%	-	0%	(211,334)
Net amount	**100%**	**427,007,528**	**100%**	**(54,736,746)**	**100%**	**(171,277)**	**100%**	**(54,908,023)**

*incorporated during the financial year ended 2017-18.

**acquired during financial year ended 2016-17 and merged with PTS with effect from 1 April 2017.

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

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

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

	As at 31 March 2017		For the year ended 31 March 2017		For the year ended 31 March 2017		For the year ended 31 March 2017	
	Net assets (Total assets - Total liabilities)		Share in profit or loss		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive loss	Amount
Parent	195%	553,290,300	26%	(29,675,345)	13%	37,548	26%	(29,637,797)
Subsidiaries								
Indian								
POT	2%	6,790,953	78%	(88,083,658)	78%	232,151	78%	(87,851,507)
PTS	14%	38,959,280	10%	(11,391,434)	23%	69,536	10%	(11,321,898)
TCPL	0%	68,392	0%	211,334	0%	-	0%	211,334
Foreign								
PTS Inc., USA	4%	11,091,740	0%	(382,582)	0%	-	0%	(382,582)
Non-controlling interests	0%	(1,256,590)	-14%	16,360,095	-15%	(43,118)	-14%	16,316,977
Total	215%	608,944,075	100%	(112,961,590)	100%	296,117	100%	(112,665,473)
Consolidation adjustments	-115%	(325,702,259)	0%	-	0%	-	0%	-
Net amount	**100%**	**283,241,816**	**100%**	**(112,961,590)**	**100%**	**296,117**	**100%**	**(112,665,473)**

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

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

32 Fair value measurements

(a) Financial instruments by category

	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	**Amortised cost**	**FVTPL**	**Amortised cost**	**FVTPL**	**Amortised cost**
Financial assets						
Current investments	75,324,536	-	203,270,657	-	340,922,925	-
Cash and cash equivalents	-	30,807,416	-	14,725,192	-	28,980,500
Bank balances other than cash and cash equivalents	-	251,144,943	-	2,679,897	-	2,831,238
Loans	-	3,389,827	-	2,990,827	-	3,734,825
Other financial assets	-	26,720,098	-	21,116,615	-	10,849,576
Total financial assets	**75,324,536**	**312,062,284**	**203,270,657**	**41,512,531**	**340,922,925**	**46,396,139**
Financial liabilities						
Borrowings	-	3,372,923	-	-	-	-
Trade payables	-	29,700,272	-	31,819,910	-	22,761,888
Other financial liabilities	-	45,434,344	-	32,898,627	-	55,608,397
Total financial liabilities	**-**	**78,507,539**	**-**	**64,718,537**	**-**	**78,370,285**

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

	31 March 2018		31 March 2017		1 April 2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Current investments	75,324,536	75,324,536	203,270,657	203,270,657	340,922,925	340,922,925
Cash and cash equivalents	30,807,416	30,807,416	14,725,192	14,725,192	28,980,500	28,980,500
Bank balances other than cash and cash equivalents	251,144,943	251,144,943	2,679,897	2,679,897	2,831,238	2,831,238
Loans	3,389,827	3,389,827	2,990,827	2,990,827	3,734,825	3,734,825
Other financial assets	26,720,098	26,720,098	21,116,615	21,116,615	10,849,576	10,849,576
Total financial assets	**387,386,820**	**387,386,820**	**244,783,188**	**244,783,188**	**387,319,064**	**387,319,064**
Financial liabilities						
Borrowings	3,372,923	3,372,923	-	-	-	-
Trade payables	29,700,272	29,700,272	31,819,910	31,819,910	22,761,888	22,761,888
Other financial liabilities	45,434,344	45,434,344	32,898,627	32,898,627	55,608,397	55,608,397
Total financial liabilities	**78,507,539**	**78,507,539**	**64,718,537**	**64,718,537**	**78,370,285**	**78,370,285**

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

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

-the use of quoted market prices or dealer quotes for similar instruments

-the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

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

(d) Fair value hierarchy

	31 March 2018		31 March 2017		1 April 2016	
	Level 2	**Level 3**	**Level 2**	**Level 3**	**Level 2**	**Level 3**
Financial instruments measured at fair value, recurring fair value measurements						
Investments	75,324,536	-	203,270,657	-	340,922,925	-
	75,324,536	**-**	**203,270,657**	**-**	**340,922,925**	**-**

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

33 Financial risk management

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors and the Audit Committee is responsible for overseeing the risk assessment and management policies and processes.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from collection agencies. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of collection agencies to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of dues from collection agencies.

Financial assets that are neither past due nor impaired

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

Dues from collection agencies

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and region in which the customer operates, also has an influence on credit risk assessment.

On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for dues from collection agencies. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit ratings from credit rating agencies and historical experience for customers. During the period, the Group has written off ₹3,033,069 (31 Mach 2017: ₹1,518,815) of dues from collection agencies.

B. Liquidity risk

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

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

Particulars	**31 March 2018**	**31 March 2017**	**1 April 2016**
Current assets	462,652,794	289,719,590	445,910,503
Current liabilities	81,715,740	67,824,824	113,529,549
Working capital	**380,937,054**	**221,894,766**	**332,380,954**

All the contractual maturities of significant financial liabilities are payable on demand or are expected to be paid within 1 year from the respective reporting years.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

C. Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's investments in deposits is with banks and therefore do not expose the Group to significant interest rates risk. The Group's rate borrowing is subject to interest rate risk. However, the same is fixed at 1.5%+interest rates on investments in deposits. Accordingly, no interest rate risk is perceived.

Particulars	31 March 2018	31 March 2017	1 April 2016
Fixed rate instruments			
Financial assets	248,503,946	-	-
Financial liabilities	3,372,923	-	-

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of computers, mobiles, electronic products, fashion accessories and related services. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's purchases generally fluctuate in line with commodity cycles and are generally more volatile depending upon the market conditions. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. For the reporting periods presented, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

D Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

34 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Gearing Ratio is nil as at various reporting dates. There have been no material breaches in the financial covenants of any borrowing in the current period.

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

35 First-time adoption ('FTA') of Ind AS - Transition to Ind AS

These consolidated financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its consolidated financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 (previous GAAP or Indian GAAP). The Company has prepared consolidated financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition), as described in the summary of significant accounting policies. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

(a) Ind AS optional exemptions

(i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(ii) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

(b) Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

(a) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

	31 March 2017	1 April 2016
Total equity (shareholder's funds) as per Previous GAAP	**302,150,993**	**412,092,515**
Adjustments:		
Adjustments arising upon changes in the Group's ownership interests in existing subsidiarie	18,909,177	10,875,985
Total adjustments	**18,909,177**	**10,875,985**
Total equity as per Ind AS	**283,241,816**	**401,216,530**

(b) Reconciliation of total comprehensive income for the year ended 31 March 2017

	31 March 2017
Profit after tax as per previous GAAP	**(128,982,450)**
Adjustments:	
Remeasurements of post-employment benefit obligations	(339,235)
Total adjustments	(339,235)
Profit after tax as per Ind AS	**(129,321,685)**
Other comprehensive income	339,235
Total comprehensive income as per Ind AS	**(128,982,450)**

C. Notes to first-time adoption:

1 Dues from collection agencies

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. As per the management's assessment, due to ECL model, there is no additional impact on the allowance for doubtful debts.

2 Changes in the Group's ownership interests in existing subsidiaries

Under Ind AS, Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Under the previous GAAP, these differences were recognised as additions to the Goodwill for the year. As a result of this change, the total equity is lower by ₹18,909,177 as at 31 March 2017 and ₹10,875,985 as at 31 March 2016 with corresponding decrease in the Goodwill.

3 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2017 increased by ₹339,235. There is no impact on the total equity as at 31 March 2017.

4 Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

5 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

6 Statement of cash flows

The transition from Indian GAAP to Ind AS had no material impact on the statement of cash flows.

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

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

per **Nikhil Vaid**
Partner

Date: 30 May 2018
Place : Hyderabad

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

Palem Srikanth Reddy
Managing Director
DIN : 00025889

S. Vijaya Saradhi
Director
DIN: 03089889

Naveen Kumar
Company Secretary

Date: 30 May 2018
Place : Hyderabad

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: 91-40-67138810, 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

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

Name:...Email..

Address:..

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

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

Name:...Email..

Address:..

....Signature:..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the Company, to be held on Thursday, September 27, 2018 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 31.03.2018.
2.	Ratification of Appointment of statutory auditors and fixation of their remuneration.
3.	Re-appointment of Mr. Palem Srikanth Reddy as managing director of the Company
4.	Shifting of registered office of the Company from the state of Telangana to the state of Andhra Pradesh
5.	To authorize Board of Directors to enhance the Investment under Section 186 of the Companies Act, 2013

Signed this .... day of...................... 2018

Affix
Revenue
Stamp

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.

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PALRED TECHNOLOGIES LIMITED

CIN: L72200AP1999PLC033131

Plot No. 2, 8-2-703/2/B, Road Number 12, Banjara Hills,
Hyderabad, Telangana – 500034. Tel: 91-40-67138810
E-mail: company@palred.com Website: www.palred.com

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

19th 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 19th Annual General Meeting of the members of the company to be held on **Thursday, September 27, 2018 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)

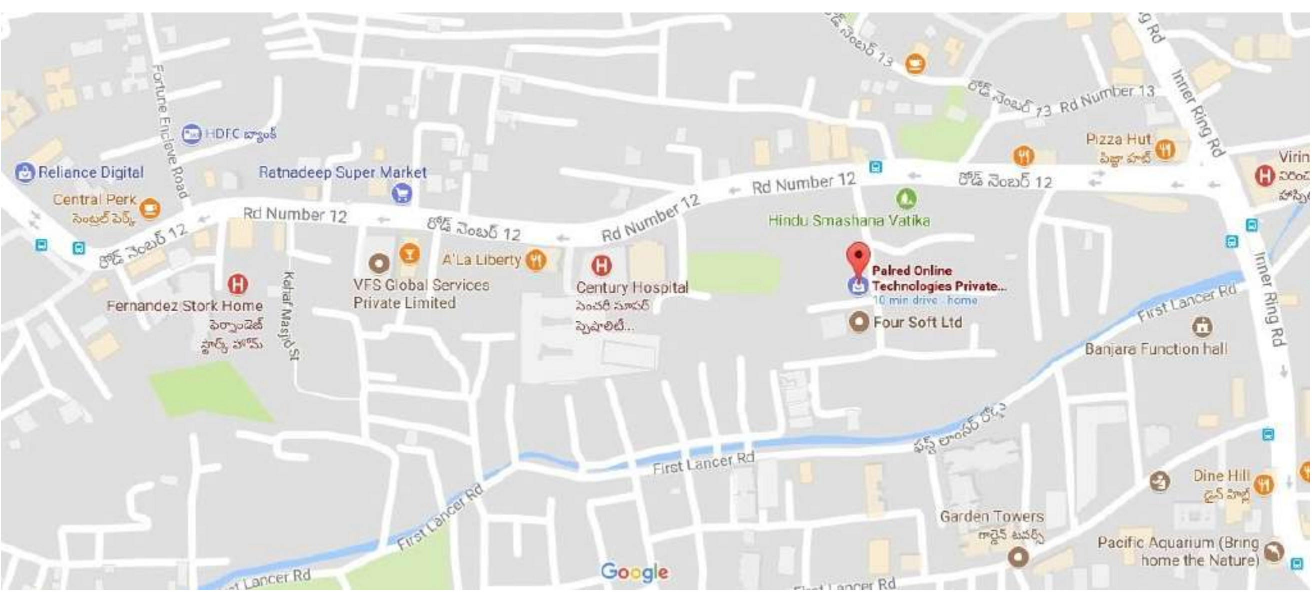
Shareholders/Proxy's Signature_____________________________________

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



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Form No. MGT-12
Polling Paper

[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: 91-40-67138810, E-mail: company@palred.com

Website: www.palred.com

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.	Ratification of Appointment of Auditors.			
3.	Re-appointment of Mr. Palem Srikanth Reddy			
4.	Shifting of registered office of the Company			
5.	to enhance the Investment limits under Section 186 of the Companies Act, 2013			
Place: Date:		(Signature of the shareholder)		

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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: 040-67138810