



# PALRED

TECHNOLOGIES LIMITED

INNOVATE.  
LEAD.  
REPEAT.



pTron

ANNUAL REPORT  
2019-2020

pTron

**Live. Life. Loud.**



Scan or visit  
<https://amzn.to/35aJxCa>

## True Wireless Earbuds

Once you've worn a good pair of wireless headphones, you'll never want to wear wired ones again

# Bassbuds

Best wireless earbuds for sound & price. These earbuds ooze style & quality and are very comfortable to wear with plenty of pTron-only features.



# Bassbuds Pro

Fantastic sound that suits all music types, long battery life, and they are really easy to use – all for a great price.

# Wireless Earphones

just as good as their wired counterparts

## Bassfest

Specially designed for sports, lightweight and compact BassFest Wireless Earphones provides simple yet extreme music experience.



## Tangent Evo

Embrace rich bass stereo sound for an Immersive listening experience with pTron Tangent Evo. Fast pairing technology with a stable connection.

## BassFest Evo

Crystal clarity and deep, resonant bass with delicately tuned sound signature. pTron Bassfest Evo's Immersive sound sound puts you on center stage.



## Intunes Pro

Designed to deliver deep bass with balanced tones for all music playback, enjoy premium, truly mobile, better-than-CD sound at all times with pTron InTunes Pro.



## Tangent Lite

Keep playing, running, and dancing in any conditions. pTron Tangent Lite wireless earphones effortlessly perform to match all your music moods.

# Wired Earphones

Nothing beats a good pair of Wired Earphones if top-notch sound quality is what you strive for.

## Boom Ultima 4D

Uncompromised sound performance of Dual Dynamic drivers. Exceptional clarity & hi-fi audio whose smooth sound will win over any audiophile.



## HBE6

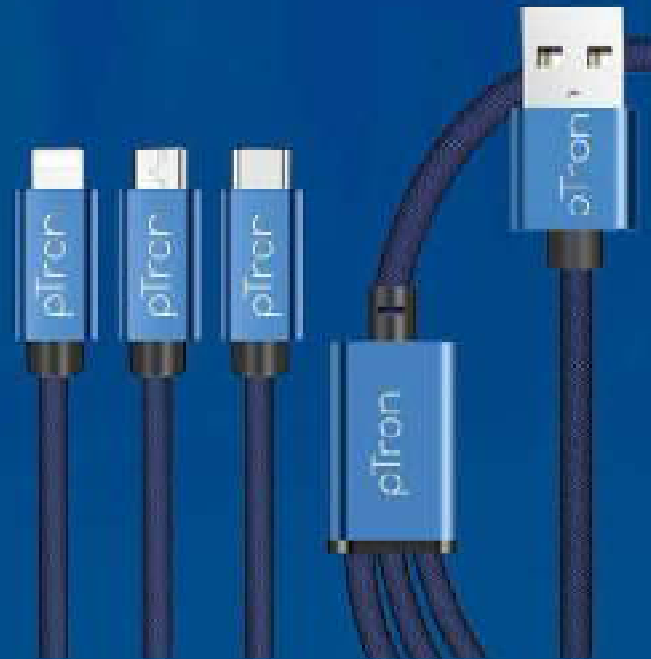
Specifically designed using cutting edge technology and design, pTron HBE6 provides superior bass for a truly immersive music experience.

# Charging Cables

Charging Solutions to keep your  
gadgets running smoothly.

## Solero Swing 3 in 1 Fast Charging 2A Cable

Best-in-class Sleek, long lasting cable  
covered with fabric knitting and has a  
lightning connector.



## Solero Type-C Fast Charging

Best-in-class Sleek, long lasting cable  
covered with fabric knitting and has a  
lightning connector.



# #BeLoudBeProud



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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS:**

Mr. Palem Srikanth Reddy	-	Chairman & Managing Director (DIN: 00025889) (Deceased on 12.08.2020)
Mr. S. Vijaya Saradhi	-	Independent Director (DIN: 03089889)
Mr. Atul Sharma	-	Independent Director (DIN: 07185499)
Mrs. Richa Patnaik	-	Independent Director (DIN: 07274527)
Mr. MVLN Murthy	-	Additional Director (DIN:07010804)
Ms. Aakanksha	-	Independent Director (DIN: 08792778)
Mrs. Palem Supriya Reddy	-	Chairman & Managing Director (DIN: 00055870)
Ms. Stuthi Reddy	-	Additional Director (DIN:07072774)
Mr. Srikar Reddy	-	Additional Director (DIN:00001401)
Mr. P.Harish Naidu	-	Chief Financial Officer (COAPP1465C)
Ms.Shruti Mangesh Rege	-	Company Secretary (ANJPD2148L)

### **REGISTERED OFFICE:**

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

**CIN : L72200TG1999PLC033131**

### **STATUTORY AUDITORS:**

M/s. MSKA & Associates  
Chartered Accountants  
Kukatpally, Hyderabad

### **INTERNAL AUDITOR:**

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

### **SECRETARIAL AUDITOR:**

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

### **BANKERS:**

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

### **AUDIT COMMITTEE:**

Mr.S. 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	-	Chair Person
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:**

M/s.KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500032  
Phone Number: 040-67162222,040-67161526,  
Website: [www.kfintech.com](http://www.kfintech.com)  
Email- [einward.ris@karvy.com](mailto: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](http://www.palred.com)

### **INVESTOR E-MAIL ID:**

[company@palred.com](mailto:company@palred.com)



Dear Shareholders,

I take pleasure in presenting the Twenty first Annual Report of your Company. I use this opportunity to present the financial performance of the Company in the year and what we see for the future. After the sale of business in October 2013, the Company has invested into Palred Electronics Private Limited (PEP) which owns pTron, a Mobile Accessories brand, Palred Retail Private Limited which operates [www.LatestOne.com](http://www.LatestOne.com), a mobile accessories focused ecom site and Palred Technology Services Private Limited (PTS) which owns consumer electronics brand, Xmate.

There have been several positive developments in our company since last one year. The Company's main focus this year has been building pTron brand. pTron brand offers a bouquet of mobile accessories products to meet the needs of its consumers. pTron sells products like truly wireless headsets, bluetooth headsets, portable bluetooth speakers, wired headsets, chargers and cables, smart watches 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.

Our first full financial year of operation of pTron brand business (PEP) generated 35 crores revenue and 70 lacs profit. pTron is one the largest selling brands on Amazon. We have also opened and expanded new channels of business including Flipkart, Myntra, Reliance Digital and offline distributors that are also growing fast.

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 Supriya Reddy**

Chairperson & Managing Director

## Notice to 21<sup>st</sup> Annual General Meeting

### NOTICE

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of members of M/s. Palred Technologies Limited will be held on Saturday, the 10th day of October, 2020 at 10.00 A.M. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt:

(a) The Audited Stand-alone Financial Statements of the Company for the financial year ended 31st March 2020, together with the Reports of the Board of Directors and Auditor’s thereon.

(b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2020, together with the Report of the Auditor’s thereon.

#### **SPECIAL BUSINESS:**

#### **2. APPOINTMENT OF MRS. PALEM SUPRIYA REDDY (DIN: 00055870) 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 2 (51) 203, 196, 197, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, approval of the members be and is hereby accorded to the appointment of Mrs. Palem Supriya Reddy (DIN: 00055870) as Managing Director of the Company with effect from 31.08.2020 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 Mrs. Palem Supriya 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** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

#### **3. APPOINTMENT OF MS. STUTHI REDDY (DIN: 07072774) AS NON – EXECUTIVE 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 149, 152, 161, 164 and any other applicable provisions of the Companies Act, 2013 (“the Act”), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members be and is hereby accorded to appoint Ms. Stuthi Reddy (DIN: 07072774), who was appointed as an Additional Director (Category: Non-Executive Director) of the Company with effect from August 31, 2020 by the Board and who holds office up to the date of this Annual General Meeting and whose candidature for the office of Director has been recommended by the Board and Nomination and Remuneration Committee in its meeting held on August 31, 2020, be and is hereby appointed as a Non – Executive Director of the Company, liable to retire by rotation.”

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

#### **4. APPOINTMENT OF MR. SRIKAR REDDY (DIN: 00001401) AS NON – EXECUTIVE 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 149, 152, 161, 164 and any other applicable provisions of the Companies Act, 2013 (“the Act”), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015, consent of the members be and is hereby accorded to appoint Mr. Srikar Reddy (DIN: 00001401), who was appointed as an Additional Director (Category: Non-Executive Director) of the Company with effect from August 31, 2020 by the Board and who holds office up to the date of this Annual General Meeting and whose candidature for the office of Director has been recommended by the Board and Nomination and Remuneration Committee in its meeting held on August 31, 2020, be and is hereby appointed as a Non – Executive Director of the Company, liable to retire by rotation.”

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

**5. APPOINTMENT OF MR. M. V. L.N.MURTHY(DIN: 07010804) AS NON – EXECUTIVE 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 149, 152, 161, 164 and any other applicable provisions of the Companies Act, 2013 (“the Act”), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members be and is hereby accorded to appoint Mr. M. V. L.N.Murthy (DIN: 07010804), who was appointed as an Additional Director (Category: Non-Executive Director) of the Company with effect from June 25, 2020 by the Board and who holds office up to the date of this Annual General Meeting and whose candidature for the office of Director has been recommended by the Board and Nomination and Remuneration Committee in its meeting held on June 25, 2020, be and is hereby appointed as a Non – Executive Director of the Company, liable to retire by rotation.”

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

**6. APPOINTMENT OF MS.AAKANKSHA (DIN: 08792778) AS AN INDEPENDENT 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee and the consent of the members be and is hereby accorded to appoint Ms. Aakanksha (DIN: 08792778), who was appointed as an Additional Director in the capacity of Independent Director of the Company who has submitted a declaration that he meets the criteria for independence and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from June 25, 2020 to June 24, 2025 and the term shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

By order of the board  
For Palred Technologies Limited  
Sd/-

Place: Hyderabad  
Date: 31.08.2020

Shruti Mangesh Rege  
Company secretary

## NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e- Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.palred.com](http://www.palred.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business in the Notice is annexed hereto and forms part of this Notice.
8. 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.
9. 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.
10. The Register of Members and Share Transfer Books of the Company will remain closed from 04.10.2020 to 10.10.2020 (both days inclusive) for the purpose of AGM.
11. Shareholders holding shares in physical form may write to the company/company’s R&T agents for any change in their address and bank mandates; shareholders holding shares in electronic form may inform the same to their depository participants immediately, where applicable.
12. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. KFin Technologies Private Limited.)

13. In consonance with the company's sustainability initiatives and Regulation 36 of the SEBI (LODR) Regulations, 2015, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed to by the shareholders. Further 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. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications. 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. KFin Technologies Private Limited.**, Share Transfer Agents of the Company for their doing the needful.
14. As per SEBI Notification No. SEBI/LAD-NRO/ GN/2018/ 24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (Demat) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization. Only the requests for transmission and transposition of securities in physical form, will be accepted by the RTA.
15. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
16. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
17. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
18. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
20. Instructions for e-voting and joining the AGM are as follows:
- A. THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**
- I. 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, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL) on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
  - II. The remote e-voting period commences on Wednesday, October 7, 2020 (9:00 a.m. IST) and ends on Friday, October 9, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Saturday, October 3, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
  - III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. 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.
  - IV. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
  - V. The details of the process and manner for remote e-voting are explained herein below:
    - (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (ii) Click on Shareholders tab
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>▪ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>▪ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).</p>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password

field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**B. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER: -**

- (i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

(ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

(iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

#### **C. NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS**

(i) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

(ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(iii) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

(iv) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

(v) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(vi) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address: [ssrfcs@gmail.com](mailto:ssrfcs@gmail.com) and to the Company at the email address viz; [company@palred.com](mailto:company@palred.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **D. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING:**

(i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card),

AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

(ii) For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self- attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) to Company/ RTA email id.

(iii) The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

#### **E. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

(i) Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.

(ii) Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.

(iii) Further shareholders will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

(iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

(v) Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id viz; [company@palred.com](mailto:company@palred.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

21. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at



www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

22. Mr. S. Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the

Chairman or a person authorised by him in writing, who shall countersign the same.

23. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.palred.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Limited and BSE Limited.

By order of the board  
For Palred Technologies Limited  
Sd/-

Place: Hyderabad  
Date: 31.08.2020

Shruti Mangesh Rege  
Company secretary



## EXPLANATORY STATEMENT

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

#### ITEM NO.2

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) has appointed Mrs. Palem Supriya Reddy (DIN: 00055870) as an Additional Director of the Company under Section 161(1) of the Act and Articles of the Articles of Association, with effect from 31st August, 2020. She has also been nominated as “Managing Director” from that date In terms of Section 161(1) of the Act, Mrs. Palem Supriya Reddy holds office only upto the date of the forthcoming AGM and is eligible for appointment as a Director.

The Board has appointed Mrs. Palem Supriya Reddy as Managing Director of the Company to fill the casual vacancy caused due to the demise of Mr. Palem Srikanth Reddy w.e.f. 31.08.2020 till 17.07.2023 at a remuneration of Rs. 15,00,000/- per annum without any other perquisites and shall be eligible for election subject to the approval of the Members at this AGM.

In accordance with the provisions of Section 161 of the Companies Act, 2013, Mrs. Palem Supriya Reddy shall hold office up to the date of the 21<sup>st</sup> AGM to be held on October 10, 2020.

Additional information in respect of Mrs. Palem Supriya Reddy, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice. Brief profile of Mrs. Palem Supriya Reddy is given at Annexure A to this Notice

The Board recommends the resolution as set out in the Notice for the approval of the Shareholders of the Company.

None of the Directors and key managerial personnel other than Mrs. Supriya Reddy Palem, Ms. Stuthi Reddy Palem, Mr. Srikar Reddy Palem are interested or concerned in any way either financially or otherwise in the above resolution.

#### Information in accordance with Schedule V of Companies Act, 2013

##### I. General Information

S. No	Particulars			
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 indicators			
	Particulars	2019-20 (Rs. In Lakh)	2019-18 (Rs. In Lakh)	2018-17 (Rs. In Lakh)
	Total Turnover	196.60	153.76	231.53
	Net Profit after Tax-& Other Income	-11.78	-4768.73	71.45
5.	Foreign investments or collaborations, if any: Not Applicable			

##### II. Information about the appointee:

S. No	Particulars
1	Background Details: Mrs. Supriya Reddy is a graduate in Arts with Psychology as a Subject from Women’s Christian College, Chennai and again she is a Post graduate in Psychology from Osmania University, Hyderabad. She has always been passionately involved in social service - be it feeding the poor or any philanthropy services. Mrs. Supriya also has teaching experience of English as a subject at Nachiketa Tapovan, a school for the underprivileged, for the past ten years.
2	Past Remuneration: Not Applicable
3	Recognition or awards: Not Applicable

4	Job Profile and her suitability: Keeping in mind the background details, past record and proficiency of Mrs. Supriya Reddy Palem, the Board is of the view that she is the most suitable person for the job.
5	Remuneration proposed: It is proposed to appoint Mrs. Supriya Reddy Palem as Managing Director at the remuneration of Rs. 15,00,000/- per annum.
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 Mrs. Supriya 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: she is holding 10,00,000 Equity Shares of 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.3:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('Board'), appointed Ms. Stuthi Reddy, as an Additional (Non-Executive, Non-Independent) Director of the Company, effective August 31, 2020. Pursuant to the provisions of Section 161 of the Act and Article of the Articles of Association of the Company, Ms. Stuthi Reddy will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. Ms. Stuthi Reddy will be liable to retire by rotation and will be subject to the Company's Policy on Retirement of Directors.

The Company has received from Ms. Stuthi Reddy (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

Additional information in respect of Ms. Stuthi Reddy, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice.

The Board recommends the Resolution set forth in Item No. 3 for the approval of the Members.

None of the Directors and key managerial personnel other than Mrs. Supriya Reddy Palem, Ms. Stuthi Reddy Palem, Mr. Srikar Reddy Palem are interested or concerned in any way either financially or otherwise in the above resolution.

**ITEM NO.4:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('Board'), appointed Mr. Srikar Reddy, as an Additional (Non-Executive, Non-Independent) Director of the Company, effective August 31, 2020. Pursuant to the provisions of Section 161 of the Act and Article of the Articles of Association of the Company, Ms. Stuthi Reddy will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. Mr. Srikar Reddy

will be liable to retire by rotation and will be subject to the Company's Policy on Retirement of Directors.

The Company has received from Mr. Srikar Reddy (i) Consent in writing to act as Director in Form DIR-2 pursuant

to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

Additional information in respect of Mr. Srikar Reddy, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice.

The Board recommends the Resolution set forth in Item No. 4 for the approval of the Members.

None of the Directors and key managerial personnel other than Mrs. Supriya Reddy Palem, Ms. Stuthi Reddy Palem, Mr. Srikar Reddy Palem are interested or concerned in any way either financially or otherwise in the above resolution.

#### ITEM NO.5:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('Board'), appointed Mr. M. V. L.N.Murthy as an Additional (Non-Executive, Non-Independent) Director of the Company, effective June 25th, 2020. Pursuant to the provisions of Section 161 of the Act and Article of the Articles of Association of the Company, Mr. M. V. L.N.Murthy will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. Mr. M. V. L.N.Murthy will be liable to retire by rotation and will be subject to the Company's Policy on Retirement of Directors.

The Company has received from Mr. M. V. L.N.Murthy (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

Additional information in respect of Mr. M. V. L.N.Murthy, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice.

The Board recommends the Resolution set forth in Item No. 5 for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. M. V. L.N.Murthy to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

#### ITEM NO.6:

The Board of Directors of the Company at its meeting held on June 25, 2020, appointed Ms. Aakanksha as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from June 25, 2020, subject to the approval of the Members of the Company.

In terms of section 160 of the Companies Act, 2013, the Board Governance, Nomination and Remuneration Committee and the Board has recommended the appointment of Ms. Aakanksha as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has received a declaration from Ms. Aakanksha confirming that she meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received from Ms. Aakanksha consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Ms. Aakanksha fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company and she is independent of the management.

Copy of letter of appointment of Ms. Aakanksha setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode.

Additional information in respect of Ms. Aakanksha, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice

Except Ms. Aakanksha, being the appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 6.

The Board of Directors recommends the resolution in relation to appointment of Ms. Aakanksha as an Independent Director of the Company, as set out in Item No. 6 for approval of the members by way of an Ordinary Resolution.

By order of the board  
For Palred Technologies Limited

Sd/-

Shruti Mangesh Rege  
Company secretary

Place: Hyderabad

Date: 31.08.2020

### Annexure – A

Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) with respect to Directors seeking appointments at the Meeting is given below:

Name of the Director	Mr. Srikar Reddy	Mrs. Supriya Reddy Palem	Ms. Stuthi Reddy	Ms. Aakanksha	Mr. M. V. L.N. Murthy
<b>Date of Birth</b>	30.05.1958	11.05.1967	23.03.1993	09.03.1992	01.06.1973
<b>Qualification</b>	B. Tech. and Post Graduate in Management from IIM Calcutta	Masters in Psychology from Osmania University, Hyderabad	B.Tech. M.S.Biomedical Engineering	LLB. ACS	Graduate in Mathematics & Science
<b>Brief Resume</b>	<p>Mr. Srikar Reddy is the Managing Director and Chief Executive Officer of Sonata Software Limited, an Indian listed entity. Mr. Srikar is actively involved with NASSCOM and CII, and was the Chairman of the Regional NASSCOM Council. He has been the Speaker at WEF and NASSCOM events. Mr. Srikar was conferred with the distinguished Alumni award by NITT, for his contribution to Industry/ Corporate. Mr. Srikar has been featured recently in the list of India’s 10 most valuable CEO’s in the large enterprise category (Rs. 2500 Cr to Rs. 7500 Cr) by ‘Business World,’ (Issue dated 18th June 2018). He has also been featured by Business Today (September 2017) as leading one of India’s fastest growing emerging (revenue between Rs. 500 to Rs. 2500 Cr) companies.</p>	<p>Mrs. Supriya Reddy has done her BA in Psychology from Women’s Christian College, Chennai and Masters in Psychology from Osmania University, Hyderabad. She has always been passionately involved in social service - be it feeding the poor, distributing clothes or educating the poor. Mrs. Supriya has been teaching 9th grade English at Nachiketa Tapovan, a school for the underprivileged, for the past ten years.</p>	<p>Ms. Stuthi Reddy is a Lead consultant with experience in supporting major drug manufacturers, specialty pharmacies and patient HUBs in reliably reporting and inferring insights from data. Permanent Resident of United States. She has worked with leading MNCs in US named Capgemini Invent as Pharmaceutical Consultant and Parkways Clinical Laboratories as Laboratory Specialist.</p>	<p>A commerce graduate from St. Francis College for Women, Hyderabad is a Company Secretary by Profession qualified in the year 2016 from the Institute of Company Secretaries of India (ICSI). After qualifying, she has worked as a Company Secretary of listed companies for two years (2016 - 2018) prior to venturing into her own Practice in the year 2018. She has a reasonable experience and knowledge of secretarial compliances including SEBI regulations and provisions of the Company Law applicable to listed and unlisted companies. From the time of entering into practice she has a varied experience not only on providing consultation to the companies on secretarial matters but has also assisted / completed / been a part of executing process of SME listing, revocation of a listed company under suspension on stock exchange, buy-back of shares in unlisted companies, fast track mergers and</p>	<p>Murthy heads Palred Retail Pvt Ltd, has more than 20 years of experience in building large scalable, secure software products, implementation, consulting and technology leadership and management experience with successful track record as CTO for 5years. Experience spans from fast growing, early stage start-ups to global corporations, with deep industry knowledge in Information Technology &amp; Services, ecommerce B2C, B2B, logistics, transportation, semiconductor distribution and high-tech industries. He is Mathematics and Science Graduate from Nargarjuna University, Andhra Pradesh, India.</p>

				mergers through NCLT route, preferential allotment of shares and warrants in listed and unlisted companies. She is also pursuing Bachelors in Law in order to enhance her professional skills.	
Expertise in specific functional areas	IT Solutions	Teaching Profession	Pharmaceutical Consultancy	Secretarial & Legal	Information Technology & Services, e commerce
Names of Listed entities in which the person also holds the directorship and the membership of Committees of the board	Sonata Software Ltd. Visaka Industries Ltd.	NIL	NIL	NIL	NIL
No. of Equity Shares held in the Company	NIL	10,00,000	10,00,000	NIL	NIL
Inter se relationship with any Director	Brother of former Chairman & MD	Wife of former Chairman & MD	Daughter of former Chairman & MD	None	None

Place: Hyderabad  
Date: 31.08.2020

By order of the board  
For Palred Technologies Limited  
Sd/-  
Shruti Mangesh Rege  
Company secretary

## 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, 2020. 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 31<sup>st</sup> March, 2020 has been as under:

(Amount in Lakhs)

Particulars	Standalone		Consolidated	
	2019- 2020	2018-2019	2019- 2020	2018-2019
Turnover/Income (Gross)	92.39	0	4,555.88	3393.53
Other Income	104.21	153.76	156.38	181.00
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	3.35	19.95	-290.70	-829.65
Less: Depreciation/ Amortisation/ Impairment	11.31	10.92	75.66	70.16
Profit /loss before Finance Costs, Exceptional items and Tax Expense	-7.96	9.03	-366.36	-899.71
Less: Finance Costs	0.88	0	94.35	8.89
Profit /loss before Exceptional items and Tax Expense	-8.84	9.03	-460.70	-908.61
Add/(less): Exceptional items	0	-4777.23	0	-216.20
Profit /loss before Tax Expense	-8.84	-4,768.20	-460.70	-1124.81
Less: Tax Expense (Current & Deferred)	0	0	0	0
Profit /loss for the year (1)	-8.84	-4,768.20	-460.70	-1124.81
Total Comprehensive Income/loss (2)	-2.94	-0.53	-21.06	20.71
Total (1+2)	-11.78	-4,768.73	-481.76	-1104.10
Balance of profit /loss for earlier years	-6124.50	-1356.29	-6029.28	-4892.77
Less: Transfer to Debenture Redemption Reserve	0	0	0	0
Less: Transfer to Reserves	0	0	0	0
Less: Dividend paid on Equity Shares	0	0	0	0
Less: Dividend paid on Preference Shares	0	0	0	0
Less: Dividend Distribution Tax	0	0	0	0
Balance carried forward	-6133.33	-6124.50	-6462.45	-6029.28

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

### Revenues – standalone

During the year under review, the Company has recorded an income of Rs. 196.60 Lakhs and loss of Rs. (11.78) Lakhs as against the income of Rs. 153.76 Lakhs and profit of Rs. (4768.73) Lakhs in the previous financial year ending 31.03.2019.

### Revenues – Consolidated

During the year under review, the Company has recorded an income of Rs.4712.26Lakhs and loss of Rs. (481.78)Lakhs as against the income of Rs.3574.82 Lakhs and loss of Rs. (1104.09) Lakhs in the previous financial year ending 31.03.2019. The Company is looking forward for good profit margins in near future.

## 3. Impact of covid-19 on the performance:

The operations of the Company and its Subsidiary Companies named Palred Electronics Private Limited, Palred Technology Services Private Limited and Palred Retail Private Limited (hereinafter collectively called as "Subsidiaries") was shut down as per the lockdown directives of Government as given on 23.03.2020. The administrative work of the company and its subsidiaries was continued through work from home facility to the best possible extent in order to comply with duly applicable legal framework. Further, in compliance with the various directives of the Government, operations of all Companies have been resumed in the permitted manner. The Company is following the Government directives regarding the health and safety of the workforce. The Company has taken various safety steps such as thermal screening of all employees and visitors, maintaining of social distancing at all work places, sanitizing the premises on regular basis and enforcing wearing of masks etc.

The Company and its subsidiaries are debt free companies and are using only overdraft facility against its Fixed Deposits for short term working capital requirement and will be able to meet all its debt obligations as it comes up. The Company does not foresee any significant impact in respect of its existing contracts and agreements where the non-fulfilment of obligations by any party would lead to any material financial claim.

During the lockdown from March 23, 2020 to May 17, 2020, the business was 5-10% of normal revenue. Since the lockdown was lifted on non-essential ecommerce operations across the country on May 18<sup>th</sup>, we have seen the number of orders / revenue go up constantly and we are witnessing strong demand month on month because of work from home and study from home.

Going forward, the Company shall be constantly monitoring the situation and shall keep its shareholders informed as and when any material developments take place having significant impact.

## 4. Dividend:

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

## 5. 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.

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

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

## 7. 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.

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

There is no such amount of Un-paid or Unclaimed Dividend be transferred to Investor and Education and Protection Fund for the financial year ended 31<sup>st</sup> March 2020.

## 9. Details of utilization of funds:

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

## 10. Details of Nodal Officer :

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

## 11. Revision of financial statements:

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

## 12. 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.

## 13. Deposits from public:

The Company has not accepted any public deposits during the Financial Year ended March 31, 2020 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet. Since the Company has not accepted any deposits during the Financial Year ended March 31, 2020, there has been no non-compliance with the requirements of the Act.

#### 14. Depository System:

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

#### 15. Subsidiary companies:

Your Company has three subsidiaries namely Palred Technologies Services Private Limited, Palred Electrical Private Limited and Palred Retail Private Limited as on March 31, 2020. In accordance with Section 129(3) of the Act, Consolidated Financial Statements have been prepared which form part of this Annual Report. As required under Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiaries in the prescribed form AOC-1 is enclosed as **Annexure – A** to this Report.

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

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

#### 16. Performance highlights of key operating subsidiaries:

##### Palred Electronics Private limited:

Palred Electronics Private Limited (PEP) owns & operates an electronics / mobile accessories brand called pTron. pTron offers a bouquet of mobile accessories products to meet the needs of its consumers. pTron offers products like True wireless headsets, Bluetooth headsets, portable Bluetooth speakers, wired headsets, chargers and cables, smart watches etc. pTron's strength lies in its 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 currently sells more than 12,000 pieces per day. It is one of the largest selling brands on Amazon.

pTron has own product design, component/BOM level manufacturing, quality control and sourcing expertise across wide range of products. Own sourcing and design office in China to cater to changing demands.

pTron with its sourcing capabilities provides a distinct advantage of price and agility to adapt to constantly changing market demand.

The brand aims to become the market leader in its segment. The brand has the potential to expand to several other electronics accessories categories in the long run, based on its sourcing strengths, sales channels and overall product design / knowledge that has been acquired over the years.

##### Palred Retail Private Limited:

Palred Retail Private Limited owns ecommerce website, [ptron.in](http://ptron.in) and [www.LatestOne.com](http://www.LatestOne.com) that specialize in selling of tech and mobile accessories such as Bluetooth speakers and headsets, cables, power banks, headsets, smart watches, fashion accessories etc. The company also sells through other major online retailers like Flipkart, Snapdeal, PayTM mall etc.

##### Palred Technology Services Private Limited:

Palred Technology Services Private Limited offers a bouquet of Products through its brand "Xmate" that is exclusively available on Amazon.in. Xmate Sells products like Bluetooth headsets, Bluetooth speakers, wired headsets, chargers and cables, Computer Accessories, Cameras & Camera Accessories etc. The brand faced many challenges during the year because of high advertisement costs and competition from other big brands. The Company was not able to achieve desired growth and it continues to make losses. Hence, the Company has decided to exit "Xmate" brand business.

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

During the FY 2019-20, there was no change in subsidiaries, further analysis on the consolidated performance, attention is invited to the section on Management Discussion and Analysis, notes to the consolidated financial statements.

#### 18. Investment in subsidiaries:

During financial year 2019-20, the Company had infused a capital of Rs.1.00 Crore in its Subsidiary, Palred Retail Private Limited, Rs.2 Crores in Palred Technology Services Private Limited and Rs.1.00 Crore in Palred Electronics Private limited by subscribing to its equity shares.

#### 19. Brand protections:

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

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

#### 20. Independent director's familiarization programmes:

Independent Directors are familiarized about the Company's operations and businesses and financial performance of the Company, significant development so as to enable them to take well-informed decisions in timely manner. Interaction with the Business heads and key executives of the Company is also facilitated.

Detailed presentations on important policies of the Company are also made to the directors. Direct meetings with the Chairman is further facilitated to familiarize the incumbent



Director about the Company/its businesses and the group practices.

The details of familiarisation programme held in FY 2019-20 are also disclosed on the Company's website and its web link is <http://www.palred.com>

### **21. Board Evaluation**

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

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

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

### **22. Number of Board the Meetings:**

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

### **23. Committees of the Board**

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

### **24. Audit Committee Recommendations:**

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

### **25. Directors and key managerial personnel:**

As on date of this report, the Company has Five Directors, out of those four are Independent Directors including two Woman Independent Directors.

### **26. Directors and key managerial personnel:**

As on date of this report, the Company has Five Directors, out of those four are Independent Directors including two Woman Independent Directors.

#### **a) Appointment of Directors of the Company:**

(i) appointment of Mrs. Supriya Reddy Palem (holding Director Identification Number 00055870) as Chairman & Managing Director of the company with effect from August 31, 2020 to August 30, 2025;

(ii) appointment of Ms. Stuthi Reddy (holding Director Identification Number 07072774) as Non –Executive Director and Non-Independent Director of the company with effect from August 31, 2020 to August 30, 2025;

(iii) appointment of Mr. Srikar Reddy (holding Director Identification Number 00001401) as Non –Executive Director and Non-Independent Director of the company with effect from August 31, 2020 to August 30, 2025; Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking appointment at the Meeting is given below:

Name of the Director	Mr. Srikar Reddy	Mrs. Supriya Reddy Palem	Ms. Stuthi Reddy	Ms. Aakanksha	Mr. M. V. L.N. Murthy
Date of Birth	30.05.1958	11.05.1967	23.03.1993	09.03.1992	01.06.1973
Qualification	B. Tech. and Post Graduate in Management from IIM Calcutta	Masters in Psychology from Osmania University, Hyderabad	B.Tech. M.S.Biomedical Engineering	LLB. ACS	Graduate in Mathematics & Science
Brief Resume	<p>Mr. Srikar Reddy is the Managing Director and Chief Executive Officer of Sonata Software Limited, an Indian listed entity. Mr. Srikar is actively involved with NASSCOM and CII, and was the Chairman of the Regional NASSCOM Council. He has been the Speaker at WEF and NASSCOM events. Mr. Srikar was conferred with the distinguished Alumni award by NITT, for his contribution to Industry/ Corporate. Mr. Srikar has been featured recently in the list of India's 10 most valuable CEO's in the large enterprise category (Rs. 2500 Cr to Rs. 7500 Cr) by 'Business World,' (Issue dated 18th June 2018). He has also been featured by Business Today (September 2017) as leading one of India's fastest growing emerging (revenue between Rs. 500 to Rs. 2500 Cr) companies.</p>	<p>Mrs. Supriya Reddy has done her BA in Psychology from Women's Christian College, Chennai and Masters in Psychology from Osmania University, Hyderabad. She has always been passionately involved in social service - be it feeding the poor, distributing clothes or educating the poor. Mrs. Supriya has been teaching 9th grade English at Nachiketa Tapovan, a school for the underprivileged, for the past ten years.</p>	<p>Ms. Stuthi Reddy is a Lead consultant with experience in supporting major drug manufacturers, specialty pharmacies and patient HUBs in reliably reporting and inferring insights from data. Permanent Resident of United States. She has worked with leading MNCs in US named Capgemini Invent as Pharmaceutical Consultant and Parkways Clinical Laboratories as Laboratory Specialist.</p>	<p>A commerce graduate from St. Francis College for Women, Hyderabad is a Company Secretary by Profession qualified in the year 2016 from the Institute of Company Secretaries of India (ICSI). After qualifying, she has worked as a Company Secretary of listed companies for two years (2016 - 2018) prior to venturing into her own Practice in the year 2018. She has a reasonable experience and knowledge of secretarial compliances including SEBI regulations and provisions of the Company Law applicable to listed and unlisted companies. From the time of entering into practice she has a varied experience not only on providing consultation to the companies on secretarial matters but has also assisted / completed / been a part of executing process of SME listing, revocation of a listed company under suspension on stock exchange, buy-back of shares in unlisted companies, fast track mergers and</p>	<p>Murthy heads Paired Retail Pvt Ltd, has more than 20 years of experience in building large scalable, secure software products, implementation, consulting and technology leadership and management experience with successful track record as CTO for 5years. Experience spans from fast growing, early stage start-ups to global corporations, with deep industry knowledge in Information Technology &amp; Services, e-commerce B2C, B2B, logistics, transportation, semiconductor distribution and high-tech industries. He is Mathematics and Science Graduate from Nargarjuna University, Andhra Pradesh, India.</p>

				mergers through NCLT route, preferential allotment of shares and warrants in listed and unlisted companies. She is also pursuing Bachelors in Law in order to enhance her professional skills.	
Expertise in specific functional areas	IT Solutions	Teaching Profession	Pharmaceutical Consultancy	Secretarial & Legal	Information Technology & Services, e commerce
Names of Listed entities in which the person also holds the directorship and the membership of Committees of the board	Sonata Software Ltd. Visaka Industries Ltd.	NIL	NIL	NIL	NIL
No. of Equity Shares held in the Company	NIL	10,00,000	10,00,000	NIL	NIL
Inter se relationship with any Director	Brother of former Chairman & MD	Wife of former Chairman & MD	Daughter of former Chairman & MD	None	None

**a) Key Managerial Personnel:**

Key Managerial Personnel for the financial year 2019-20

- Mr. P.Srikanth Reddy, Chairman & Managing Director of the company.
- Mr. P. Harish Naidu, Chief financial officer of the company.
- Mr. Shruti Mangesh Rege, Company Secretary & Compliance Officer of the Company.

Mr. P.Srikanth Reddy, Chairman & Managing Director passed away on August 12, 2020. The Board placed on record its sincere appreciation for the valuable services rendered by him during his tenure as Director of the Company.

**26. Statutory audit and auditors report:**

The members of the Company at their Annual General Meeting held on 30th September, 2019 have appointed M/s. MSKA & Associates., as statutory auditors of the Company to hold office until the conclusion of 25th Annual General meeting of the Company. The Auditors' Report for fiscal 2020 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report. The Company has received audit report with unmodified opinion for both Standalone and Consolidated audited financial results of the Company for the Financial Year ended March 31, 2020 from the statutory auditors of the Company.

The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of

Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

**27. Internal auditors:**

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

Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board. There were no adverse remarks or qualification on accounts of the Company from the Internal Auditor.

The Board has re-appointed M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad, as Internal Auditors for the Financial Year 2020-21.

**28. Secretarial Auditor & Audit Report:**

In terms of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based upon the recommendations of the Audit Committee, the Board of Directors had appointed M/s. S.S. Reddy & Associates,

Practicing Company Secretaries (CP No. 7478) as the Secretarial Auditor of the Company, for conducting the Secretarial Audit for financial year ended March 31, 2020

The Secretarial Audit was carried out by M/s. S.S. Reddy & Associates, Company Secretaries (CP No. 7478) for the financial year ended March 31, 2020. The Report given by the Secretarial Auditor is annexed herewith as **Annexure-H** and forms integral part of this Report.

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

### **29. Annual Secretarial Compliance Report:**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. Further, Secretarial Compliance Report dated 25 June, 2020, was given by M/s. S.S. Reddy & Associates, Practicing Company Secretary which was submitted to Stock Exchanges within 60 days of the end of the financial year.

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

### **30. Secretarial Audit of Material Unlisted Indian Subsidiaries:**

M/s. Palred Electrical Private Limited (PEP) and Palred Technology services Private Limited (PTS) and Palred Retail Private Limited (PRP) a material subsidiaries of the Company undertake Secretarial Audit every year under Section 204 of the Companies Act 2013. The Secretarial Audit of PEP & PTS & PRP for the Financial Year 2019-20 was carried out pursuant to Section 204 of the Companies Act 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Secretarial Audit Report of PEP, PTS and PRP submitted by M/s. S.S. Reddy & Associates, Practicing Company Secretary.

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

As required under Regulation 16(1)(c) of Listing Regulations, the Company has formulated and adopted a policy for determining 'Material' Subsidiaries, which has been hosted on its website at: <https://www.palred.com>

### **31. Cost records and cost audit:**

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

### **32. No Frauds reported by statutory auditors**

During the Financial Year 2019-20, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3) (ca) of the Companies Act, 2013.

### **33. Declaration by the Company**

The Company has issued a certificate to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2020.

### **34. 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

### **35. Management discussion and analysis report:**

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

### **36. Risk management policy:**

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

### **37. Corporate governance:**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Regulations. A separate section on Corporate Governance, forming a part of this Report and the requisite certificate from the Company's Auditors confirming compliance with the conditions of

Corporate Governance is attached to the report on Corporate Governance as **Annexure E**.

#### **38. Extract of Annual Return:**

Pursuant to Notification GSR 538 (E) dated 28.08.2020 and Sections 92 & 134(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is available on the Company's website URL: <https://www.palred.com>

#### **39. 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.

#### **40. Declaration of independence:**

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

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the PIDs of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline. They have also confirmed that they will appear for the online proficiency test within a period of one year, wherever applicable.

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

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

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

#### **41. Director's Responsibility Statement:**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant Board Committees, including

the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the financial year 2019-20.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that for the financial year ended March 31, 2020:

a) in the preparation of the annual accounts for the financial year ended 31 March 2020, 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 2020 and of the profit and loss of the Company for the financial year ended 31 March 2020 ;

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.

#### **42. Vigil Mechanism/Whistle Blower Policy:**

The Board of Directors have 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 promotes ethical behaviour and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may report their genuine concerns to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

The policy provides for adequate safeguards against the victimisation of the employees who use the vigil mechanism. The details of establishment of such mechanism has been disclosed on the website [www.palred.com](http://www.palred.com).

**43. Employee stock option scheme:**

The Company has an Employee Stock Option (ESOP) scheme, namely “Employee Stock Option Scheme 2016-” (PALRED ESOP Scheme) which helps the Company to retain and attract right talent. The Nomination and Remuneration Committee (NRC) administers the Company’s ESOP scheme. There were no changes in the ESOP scheme during the financial year under review. The ESOP scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [SEBI (SBEB) Regulations, 2014].

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

During the financial year 2019-20 no employee was granted stock option equal to or exceeding 1% of the issued share capital of the Company at the time of grant of options.

**44. 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.

**45. Secretarial Standards:**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively. During the year under review, the Company was in compliance with the Secretarial Standards (SS) i.e., SS-1 and SS- 2, relating to “Meetings of the Board of Directors” and “General Meetings”, respectively.

**46. Insurance:**

The properties and assets of your Company are adequately insured.

**47. Particulars of Loans, Guarantees or Investments**

During the year under review, the Company has not given any loans or corporate guarantee or provided any security during the year. Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

**48. 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.

**49. Related Party Transactions:**

All related party transactions that were entered into during the financial year were on arm’s length basis and were in the ordinary course of business. During the financial year 2019-20, there were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

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

**50. Policy on director’s appointment and remuneration:**

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

**51. Particulars of Employees and related Disclosure:**

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

The Statement containing the particulars of employees as required under section 197(12) of the Companies Act, 2013 read with rule 5(2) and other applicable rules (if any) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding

During the year none of the employees is drawing a remuneration of Rs.1,02,00,000/- and above per annum or Rs.8,50,000/- and above in aggregate per month, the limits specified under the Section 197(12) of the Companies Act,2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**52. Shares transferred to investor education and protection fund:**

No shares were transferred to the Investor Education and Protection Fund during the year under review.

**53. 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 read with Schedule V of the Companies Act, 2013 the ratio of remuneration of Mr. Palem Srikanth Reddy, Managing Director of the Company to the median remuneration of the employees is 7.13:1 and of Mr. P. Harish Naidu, CFO of the Company is 5.95:1.

**54. 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.

**55. 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.

**56. Failure to implement corporate actions:**

During the year under review, no corporate actions were done by the Company.

**57. Corporate insolvency resolution process initiated under the insolvency and bankruptcy code, 2016.**

No corporate insolvency resolution processes were initiated against the Company under the Insolvency and Bankruptcy Code, 2016, during the year under review.

**58. Policies:**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website ([https:// www.palred.com/investors/ policies](https://www.palred.com/investors/policies)). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

Name of the policy	Brief Description	Website link
Board Diversity Policy	At Palred Technologies Limited, 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.	<a href="https://www.palred.com">https://www.palred.com</a>
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the Directors, key managerial personnel and other employees.	<a href="https://www.palred.com">https://www.palred.com</a>
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	<a href="https://www.palred.com">https://www.palred.com</a>
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	<a href="https://www.palred.com">https://www.palred.com</a>

**59. Statutory compliance:**

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

**60. 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 and Amended Regulations 2018. 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, as well as the consequences of violation. 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 ([https:// www. Palred.com](https://www.Palred.com))

**61. CEO/CFO Certification:**

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

**62. Prevention of sexual harassment at workplace:**

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

This is in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the Rules made thereunder. With the objective of providing a safe working environment, all employees (permanent, contractual, temporary, trainees) are covered under this Policy. The policy is available on the website at [www.palred.com](http://www.palred.com).

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

**63. Green Initiatives:**

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Notice of 21st Annual General Meeting of the Company are sent to all Members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

**64. Event Based Disclosures**

During the year under review, the Company has not taken up any of the following activities:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by Company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: NA

**65. Other Disclosures:**

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

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

**66. Appreciation & acknowledgement:**

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

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

For and on behalf of the Board of  
Palred Technologies Limited

	Sd/-	Sd/-
	S. VijayaSaradhi	MVLN Murthy
Place: Hyderabad	Director	Director
Date: 31.08.2020	(DIN: 03089889)	(DIN: 07010804)



### 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, 2020 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

Place: Hyderabad

Date: 31.08.2020

For and on behalf of the Board of  
Palred Technologies Limited

Sd/-

S. VijayaSaradhi  
Director

(DIN: 03089889)

Sd/-

MVLN Murthy  
Director

(DIN: 07010804)

**Annexures-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 31<sup>st</sup> March, 2020**Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ Joint Ventures:****PART A- Subsidiaries**

Sl.No	Particulars	Details	Details	Details
1.	Name of the subsidiary	Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited)	Palred Technology Services Private Limited	Palred Retail Private Limited
2.	The date since when subsidiary was acquired	18th November, 2014	6th February, 2015	17th May, 2018
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01st April, 2019 to 31st March, 2020	01st April, 2019 to 31st March, 2020	01st April, 2019 to 31st March, 2020
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
5.	Share capital	Authorized – 4300.00 Paid Up Capital – 3264.36	Authorized –1301.00 Paid Up Capital – 1301.00	Authorised- 363.15 Paid-up Capital- 310.81
6.	Reserves & surplus	(2128.23)	(1162.77)	(373.48)
7.	Total assets	1923.37	1043.38	427.85
8.	Total Liabilities (Excluding Share Capital, Reserves and Surplus)	787.25	905.14	490.51
9.	Investments	169.33	120.66	—
10.	Turnover	3496.15	677.37	914.78
11.	Profit before taxation	77.16	(299.86)	(185.01)
12.	Provision for taxation / Deferred Tax	0	0	0
13.	Profit after taxation	77.16	(299.86)	(185.01)
14.	Proposed Dividend	NIL	NIL	NIL
15.	Extent of shareholding	78.17%	100%	83.71%

**Note:**

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

**PART B – Associates and Joint Ventures**

The Company does not have any Associate or Joint Venture.

Place: Hyderabad  
Date: 31.08.2020

For and on behalf of the Board of  
Palred Technologies Limited  
Sd/- S. VijayaSaradhi  
Director  
(DIN: 03089889)

Sd/- MVLN Murthy  
Director  
(DIN: 07010804)

### Annexures-C to the Director's Report Form No. AOC-2

Particulars of contracts/arrangements made with related parties

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

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

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

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2020 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
<b>Investment in Equity</b>					
1.Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited)	Subsidiary Company	Running contract	Refer Note 1	Refer Note 1	Rs. 100,00,000/-
2.Palred Technology Services Private Limited	Subsidiary Company	Running contract	Refer Note 2	Refer Note 2	Rs. 200,00,000/-
3.Palred Retail Private Limited	Subsidiary Company	Running contract	Refer Note 3	Refer Note 3	Rs. 100,00,000/-
4.Mr. Palem Srikanth Reddy Managing Director (KMP)	Running contract	Managerial	Remuneration	NA	Rs. 30,00,000/-
5.Ms. Stuthi Reddy	Relative of KMP	Running Contract	Office rent	NA	Rs. 7,66,670/-
6.Palred Electronics Private Limited	Subsidiary Company	Running Contract	Management Fees (Income)	12.04.2019	Rs.53,93,444/-
7.Palred Technology Services Private Limited	Subsidiary Company	Running Contract	Management Fees (Income)	12.04.2019	Rs. 18,00,000/-
8.Palred Retail Private Limited	Subsidiary Company	Running Contract	Management Fees(Income)	12.04.2019	Rs.5,25,582/-
9.Palred Electronics Private Limited	Subsidiary Company	Running Contract	E-com Fulfillment Charges (Income)	12.04.2019	Rs. 1,17,700/-
10.Palred Technology Services Private Limited	Subsidiary Company	Running Contract	E-com Fulfillment Charges (Income)	12.04.2019	Rs. 4,465/-
11.Palred Retail Private Limited	Subsidiary Company	Running Contract	E-com Fulfillment Charges (Income)	12.04.2019	Rs. 13,97,575/-

**Notes:**

- 1) The Board of Directors of Palred Technologies Limited at their Board Meeting had approved investments of Rs. 1 Crore at Rs. 29/-per share with Face Value Of Rs. 10/- per share and a premium of Rs. 19.00/- per Equity Share) in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited) .
- 2) The Board of Directors of Palred Technologies Limited have at the Board Meetings held on May 30, 2019 approved investment of Rs. 2 Crores in Palred Technology Services Private Limited at Rs. 10/- per share at par value.
- 3) The Board of Directors of Palred Technologies Limited have at the Board Meetings held on August 14, 2019 approved investments of Rs. 1 crore only at Face Value of Rs. 10/- per share in Palred Retail Private Limited.

For and on behalf of the Board of  
Palred Technologies Limited

Place: Hyderabad

Date: 31.08.2020

Sd/-

S. VijayaSaradhi  
Director  
(DIN: 03089889)

Sd/-

MVLN Murthy  
Director  
(DIN: 07010804)

**Annexures-D to the Director's Report**  
**Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

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

Name of Director	DIN	Title	Remuneration in Fiscal 2020	Remuneration in Fiscal 2019	% increase	Ratio of the remuneration of director to the median remuneration of the employees of the company for the financial year 2019-2020	Percentage increase in the median remuneration of employees in the financial year
Palem Srikanth Reddy	00025889	Chairman and Managing Director	30,00,000	30,00,000	Nil	7.13:1	Nil

Remuneration Paid to Independent Directors in Financial Year 2019-2020 - Nil

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

Percentage increase in remuneration of each Director, Company Secretary and Chief Financial Officer in the financial year 2019-2020-

Director- NIL

Company Secretary- NIL

Chief Financial Officer-16%

Percentage increase in the median remuneration of employees in the financial year 2019-2020- 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/-

S. VijayaSaradhi

Director

(DIN: 03089889)

Sd/-

MVLN Murthy

Director

(DIN: 07010804)

Place: Hyderabad

Date: 31.08.2020

## Annexure - E 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](http://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](http://www.palred.com)

- Board Diversity Policy
- Policy on preservation of Documents
- Risk Management Policy

- Whistle Blower Policy
- Familiarization program 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](http://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, 2020, the Company's Board comprised of four Directors, One promoter Directors. In addition, there are three independent Directors on the Board including one woman Director. In terms of Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015 and section 149 of Companies Act 2013, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

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

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

Si. No.	Skills / Expertise / Competence of the Board of Directors are required in the context of business of the Company	Names of the Directors who have such skills / expertise / competence
1.	Business Strategy, Sales & Marketing	Mr. P. Srikanth Reddy
2.	Corporate Governance, Forex Management, Administration, Decision Making	Mr. P. Srikanth Reddy
3.	Financial and Management skills.	Mr. Atul Sharma
4.	Technical / Professional skills	Mr. MVLN Murthy
5.	Behavioral skills - attributes and competencies	Ms. Richa Patnaik

**7. Appointment/Re-appointment of Directors:**

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.

**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**.

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
P.Srikanth Reddy	None	Promoter Director	6	6	Yes	0	2	1
Sribhashyam Vijaya Saradhi	None	Independent Director	6	6	Yes	3 Deemed Public Companies	4	2
Atul Sharma	None	Independent Director	6	6	No	0	3	0
Richa Patnaik	None	Independent Director	6	6	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 labor 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 2019-20, 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 familiarization program during the year, is placed on its website viz., [www.palred.com](http://www.palred.com).

## 11. Committees of the board:

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

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

**12. Performance Evaluation of Board, Committees and Directors**

Pursuant to provisions of Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, an annual Board effectiveness evaluation was conducted for FY 2019-20 on February 14, 2020, involving the following:

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

An IDs' meeting, in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations, was convened on February 14, 2020, mainly to review the performance of Independent Directors and the Chairman & Managing Director as also the Board as a whole. All IDs were present at the said meeting.

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

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

**(iii) Independent Directors:** Participation, managing relationship, ethics and integrity, Objectivity, bringing 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	4.93
<b>Individual Directors</b>	
Mr.P.Srikanth Reddy	4.72
Mr. S. Vijaya Saradhi	4.76
Mr. Atul Sharma	4.56
Mrs. Richa Patnaik	4.53
Audit Committee	4.50
Stakeholder Relationship Committee	4.68
Nomination & Remuneration Committee	4.75
Risk Management Committee	4.62

Disclosures as prescribed under SEBI circular dated May 10, 2018 are given below:

Observations of Board evaluation carried out for the year	No observations.
Previous year's observations and actions taken	Since no observations were received, no actions were taken.
Proposed actions based on current year observations	Since no observations were received, no actions were taken.



**13. Declaration by Independent Directors**

All Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with Section 149(6) of the Act.

**14. Declaration by Board**

The Board has confirmed that in its opinion, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

During the year under review, no Independent Director has resigned before expiry of his tenure.

**15. 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.

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment and removal of External Auditors, fixation of audit fee and approval for payment for any other services;
- c. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- d. Approval of payment to statutory auditors for any other services rendered by them.
- e. Review with the management and statutory auditors of the annual financial statements before submission to the Board with particular reference to:
  - i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv) Significant adjustments made in the financial statements arising out of audit findings;
  - v) Compliance with listing and other legal requirements relating to financial statements
  - vi) Disclosure of any related party transactions;
  - vii) Modified opinion(s) in the draft audit report;
- f. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- g. Examination of the financial statement and the auditors' report thereon;
- h. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;
- i. Approval or any subsequent modification of transactions with related parties;
- j. Scrutiny of inter-corporate loans and investments;
- k. Review of valuation of undertakings or assets of the company wherever it is necessary;
- l. Evaluation of internal financial controls and risk management systems;
- m. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;

- n. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
- q. Look into the reasons for any substantial default in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- r. Review the functioning of the whistle blower mechanism;
- s. Review and monitor the end use of funds raised through public offers and related matters;
- t. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- u. Frame and review policies in relation to implementation of the Code of Conduct for Prevention of Insider Trading and supervise its implementation under the overall supervision of the Board;
- v. Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.
- w. Review of the following information:**
  - management discussion and analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses;
  - The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
  - Statement of deviations as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).
  - Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).
  - The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
  - Carrying out any other function as may be referred to the Committee by the Board.
  - Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

## **B. Internal Audit**

The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

### C. Composition, Meetings & Attendance:

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

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March 2020 are as under:

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. S. Vijaya Saradhi	Chairman	NED(I)	6	6
Mr. Atul Sharma	Member	NED(I)	6	6
Mrs. Richa Patnaik	Member	NED(I)	6	6

The Audit Committee met 6 times during the financial year 2019-20 and the gap between any two meetings did not exceed 120 days. The dates on which the Audit Committee Meetings held were: 12<sup>th</sup> April, 2019, 30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 26<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 14<sup>th</sup> February 2020. Requisite quorum was present at the above Meetings.

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

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

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 30 September, 2019.

### 16. Nomination and remuneration committee:

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

- Recommend to the Board the setup and composition of the Board, including formulation of the criteria for determining qualifications, positive attributes and independence of a Director.
- Periodical review of composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Support the Board in matters related to the setup, review and refresh of the Committees.
- Devise a policy on Board diversity.
- Recommend to the Board the appointment or reappointment of Directors.
- Recommend to the Board how the Company will vote on resolutions for appointment of Directors on the Boards of its material subsidiaries.
- Recommend to the Board, the appointment of Key Managerial Personnel (KMP) and executive team members.
- Carry out the evaluation of every Director's performance and support the Board and Independent Directors in the evaluation of the performance of the Board, its Committees and individual Directors, including formulation of criteria for evaluation of Independent Directors and the Board.
- Oversee the performance review process for the KMP and executive team with the view that there is an appropriate cascading of goals and targets across the Company.
- Recommend the Remuneration Policy for the Directors, KMP, executive team and other employees.

- On an annual basis, recommend to the Board the remuneration payable to Directors, KMP and executive team of the Company.
- Review matters related to remuneration and benefits payable upon retirement and severance to MD/EDs, KMP and executive team.
- Review matters related to voluntary retirement and early separation schemes for the Company.
- Provide guidelines for remuneration of Directors on material subsidiaries.
- Recommend to the Board how the Company will vote on resolutions for remuneration of Directors on the Boards of its material subsidiaries.
- Assist the Board in fulfilling its corporate governance responsibilities relating to remuneration of the Board, KMP and executive team members.
- Oversee familiarization programs for Directors.
- Review HR and People strategy and its alignment with the business strategy periodically, or when a change is made to either.
- Review the efficacy of HR practices, including those for leadership development, rewards and recognition, talent management and succession planning.
- Perform other activities related to the charter as requested by the Board from time to time.

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

There were two (2) Nomination and Remuneration Committee Meetings held during the financial year 2019- 20 on 14.08.2019 & 14.02.2020.

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	2
Mrs. Richa Patnaik	Member	NED(I)	2	2

**17. 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 2019-20, 4 meetings of the Committee were held on 30th May 2019; 14th August 2019; 14th November 2019 and 14th February 2020.

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	NED	4	4

#### 18. Performance evaluation criteria for independent directors:

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

Policy:

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

2.1 The proposed appointee shall also fulfil the following requirements:

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

3. Criteria of independence

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

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



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

4. Other directorships/ committee memberships

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

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

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

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

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

5. Name and designation of compliance officer:

Mrs. Shruti Mangesh Rege is Company Secretary and Compliance Officer of the Company.

6. Details of complaints/requests received, resolved and pending during the year 2019-20:

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	0
Number of complaints resolved	0
Number of complaints not resolved to the satisfaction of the investors as on March 31, 2020	0
Complaints pending as on March 31, 2020	0
Number of Share transfers pending for approval, as on March 31, 2020	0

viii) **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 2019-20 AND OTHER DISCLOSURES:

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

### 19. 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 14.02.2020, to discuss:

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

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

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

### ix) Remuneration policy:

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

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

**Policy for selection of directors and determining directors' independence:**

## 1. Scope:

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

## 2. Terms and References:

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

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

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

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

## 1. Scope:

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

## 2. Terms and Reference:

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

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

2.2 "Key Managerial Personnel" means

(i) The Chief Executive Office or the Managing Director or the Manager;

(ii) The Company Secretary;

(iii) The Whole-Time Director;

(iv) The Chief Finance Officer; and

(v) Such other office as may be prescribed under the companies Act, 2013

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

**20. Risk Management Committee: -**

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

**A.) Composition:**

The Details of composition of the Committee are given below:

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



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

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

**21. Monitoring Governance of Subsidiary Companies:**

Pursuant to regulation 16(1)(c) of the Listing Regulations, the Company has three material subsidiary as on 31st March, 2020, i.e. Palred Technology Services Private Limited, Palred Electronics Private Limited and Palred Retail Private Limited., the Company have material subsidiary pursuant to regulation 24 of the Listing Regulations and is required to appoint Independent Director on the Board of its material subsidiary. The Company has appointed Mr.S. Vijaya Saradhi, Mr. Venkata Ratna Srinivas Yeluripati on the Board of Palred Technology Services Private Limited, Palred Retail Private Limited and Palred Electronics Private Limited.

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

**22. 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.

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

The Company has not issued these types of securities.

**24. Number of shares and convertible instruments held by nonexecutive directors:**

None of the Non-executive Directors hold equity shares or convertible instruments of the Company.

**25. 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.

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

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

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2018-19	30.09.2019	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	Yes
2017-18	29.09.2018	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	Yes
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
E G M	29.09.2018	9:00 A.M.	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	Yes

**27. Passing of Resolutions By Postal Ballot**

There were no resolutions passed by the Company through Postal Ballot during the financial year 2019-20.

**28. 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>.

**29. General shareholder information:****A. Annual general meeting:**

The 21st Annual General Meeting of the Company will be held as per the following schedule:

Day	Saturday
Date	10 <sup>th</sup> October, 2020
Time	10.00 a. m.
Venue	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The AGM shall be deemed to be held at Plot No.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034.

**B. Venue: Financial Year And Financial Year Calendar 2020-21 (Tentative Schedule)**

The financial calendar (tentative) shall be as under:

Financial Year	2020-2021
First Quarterly Results	14.08.2020
Second Quarterly Results	14.11.2020
Third Quarterly Results	14.02.2021
Fourth Quarterly Results	29.05.2022
Annual General Meeting for year ending 31st March, 2021	30.09.2022

**C. Extraordinary General Meeting**

No Extra-ordinary General Meetings were held during the year 2019-20.

**D. Postal Ballot**

During the year, the shareholders of the company passed no resolutions through postal ballot.

**E. Procedure for postal ballot**

Company conducts a postal ballot, where required, in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder and applicable regulations. At present, there are no postal ballots proposed to be held.

**F. Dividend Payment Date:**

No Dividend was declared during the Financial Year 2019-20.

**G. Payment of Listing Fees:**

The Company has paid annual listing fees for the financial year 2020-21 to the BSE and NSE within stipulated time.

**H. Listing on stock exchanges & address:**

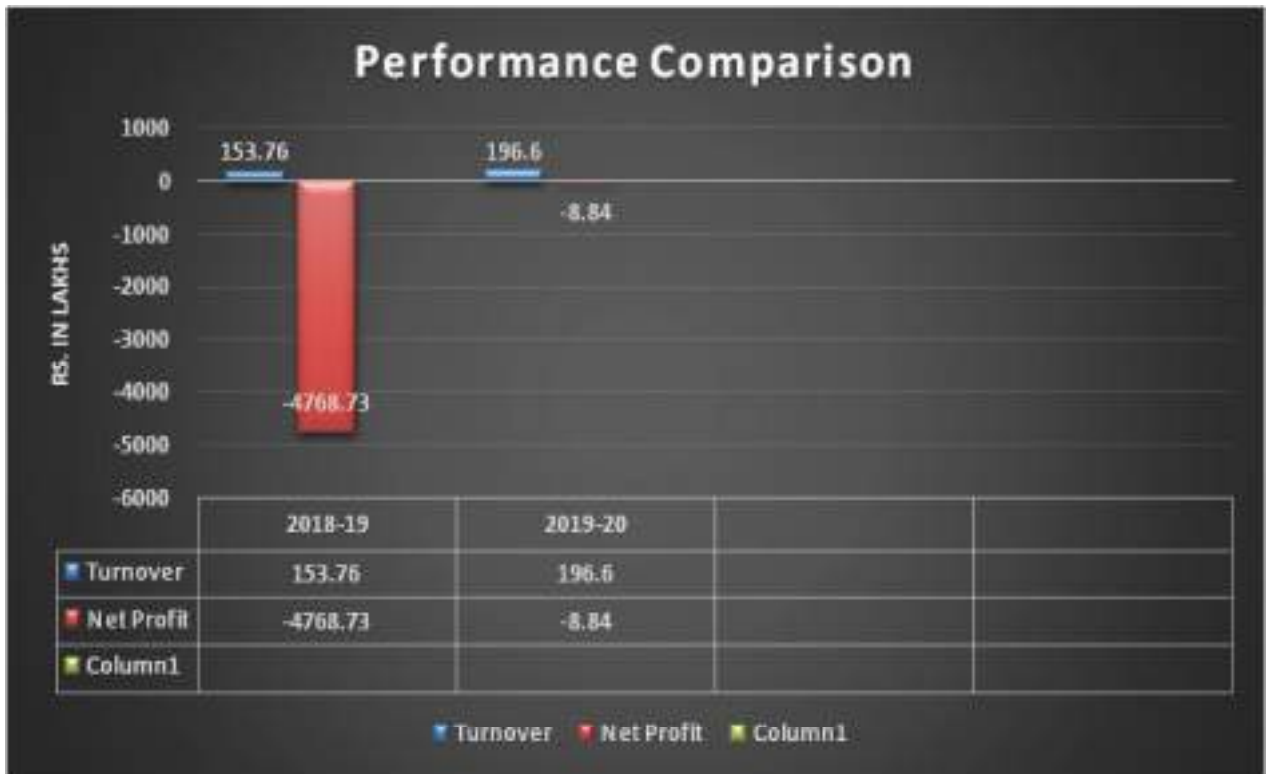
The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the year 2020-2021 to both the Stock Exchanges.

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

**I. Stock Market Price Data: BSE Limited & NSE Limited**

Month	Bombay Stock Exchange(BSE)				National Stock Exchange(NSE)			
	Open Price	High Price	Low Price	Close Price	Open Price	High Price	Low Price	Close Price
Apr 19	32.50	37.40	29.10	32.85	32.50	38.35	28.70	32.95
May 19	33.75	45.70	26.10	33.95	32.70	44.90	27.20	33.60
Jun 19	34.00	34.80	26.50	27.45	28.15	35.00	26.15	28.00
Jul 19	27.80	28.85	20.75	20.80	28.15	28.85	20.90	20.95
Aug 19	20.80	21.80	17.15	18.70	21.80	22.35	17.45	18.95
Sep 19	18.10	22.15	17.95	19.80	18.50	23.50	17.40	18.75
Oct 19	19.70	22.25	15.45	22.25	18.75	21.95	14.50	21.95
Nov 19	22.25	24.40	18.60	18.70	22.05	24.15	18.15	19.00
Dec 19	18.15	19.50	14.80	16.50	18.15	20.35	14.65	15.95
Jan 20	15.80	20.00	15.75	18.65	16.65	20.75	15.70	18.45
Feb 20	17.90	19.00	15.35	15.35	18.90	19.05	14.40	14.90
Mar 20	14.70	14.70	9.50	9.50	15.60	15.60	8.60	9.95

**Performance in comparison to Board based indices:**



**K. Registrar and share transfer agents:**

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

**L. Share transfer system:**

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

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

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

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

- It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities.
- Transfer of securities only in demat form will improve ease, convenience and safety of transactions for investors.

**M. Distribution Of Shareholding As On 31st March , 2020:**

CATEGORY	NUMBER OF SHAREHOLDERS	%	AMOUNT	%
1 – 5000	12,329	93.54	85,30,190	8.76
5001 – 10000	400	3.03	30,91,660	3.18
10001 – 20000	224	1.70	33,61,490	3.45
20001 – 30000	79	0.60	19,68,890	2.02
30001 – 40000	36	0.27	12,79,260	1.31
40001 – 50000	23	0.17	10,23,340	1.05
50001 – 100000	44	0.33	30,53,660	3.14
100001 and above	46	0.35	7,50,17,170	77.08
<b>TOTAL</b>	<b>13181</b>	<b>100.00</b>	<b>9,73,25,660</b>	<b>100</b>

**N. 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, 2020 99.89% of the shares were held in Dematerialised form and the rest in physical form.

Particulars	No. of Shares	% Share Capital
NSDL	83,62,525	85.92
CDSL	13,59,784	13.97
PHYSICAL	10,257	0.11
<b>Total</b>	<b>97,32,566</b>	<b>100.00</b>

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

**O. 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 Sunday, the 4th day of October, 2020 to Saturday, the 10th day of October, 2020 (both days inclusive).

**P. Electronic connectivity:**

Demat ISIN Number: INE218G01033

**Q. National Securities Depository Limited**

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

**R. Central Depository Services (India) Limited**

Marathon Futurex, A-Wing, 25th floor,

NM Joshi Marg, Lower Parel, Mumbai - 400013.

**S. Shareholding Pattern As On 31st March, 2020:**

S.No.	CATEGORY OF SHAREHOLDER	No. of shares held	Percentage of shareholding
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>		
(1)	INDIAN		
	(a) Individual	36,77,080	37.78
	(b) Others	—	—
	<b>Sub-Total A(1) :</b>	<b>36,77,080</b>	<b>37.78</b>
(2)	FOREIGN	—	—
	(a) Individuals	—	—
	<b>Sub-Total A(2) :</b>	<b>—</b>	<b>—</b>
	<b>Total A= A(1) + A(2)</b>	<b>36,77,080</b>	<b>37.78</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>		
(1)	INSTITUTIONS		
	(a) Financial Institutions /Banks	60	0.00
	(b) Foreign Institutional Investors	7,01,586	7.21
	<b>Sub-Total B(1) :</b>	<b>7,01,646</b>	<b>7.21</b>
(2)	<b>NON-INSTITUTIONS</b>		
	(a) Bodies Corporate	4,92,338	5.06
	(b) Individuals & HUF	40,83,747	41.96
	(c) Others		
	(i) Clearing Members	10,526	0.11
	(ii) Foreign Bodies	2,16,948	2.23
	(iii) Foreign Nationals	3,10,647	3.18
	(iv) Corporate Body - Others	740	0.01
	(v) India Financial Institutions	133	0.00
	(vi) Non Resident Indians	74,451	0.76
	(vii) Employees	14,852	0.16
	(viii) Trusts	1,49,458	1.54
	<b>Sub-Total B(2) :</b>	<b>53,53,840</b>	<b>55.01</b>
	<b>Total B=B(1)+B(2) :</b>	<b>60,55,486</b>	<b>62.22</b>
	<b>Total (A+B) :</b>	<b>97,32,566</b>	<b>100.00</b>
	<b>GRAND TOTAL (A+B+C) :</b>	<b>97,32,566</b>	<b>100.00</b>

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

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

**U. Fees paid to Statutory Auditor:**

A total fee of Rs. 19.00 Lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services to M/s. MSKA & Associates, Statutory Auditors and all entities in the network firm/ network entity of which they are part. The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors, M/s. MSKA & Associates., and all entities in the network firm/ network entity of which they are part is as follows:

Particulars	Amount in Rs.
Audit fees	18,00,000/-
Fees for other services – Certification	1,00,000/-
Reimbursement of out of pocket expenses	NIL
<b>Total</b>	<b>19,00,000/-</b>

**V. Other disclosures:**

i. Details of transactions with related parties as specified in Indian Accounting Standards (IND AS 24) have been reported in the financial Statements. During the year under review, there was no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company at large. The Audit Committee takes into consideration the management representation and an independent audit consultant's report, whilst scrutinizing and approving all related party transactions, from the perspective of fulfilling the criteria of meeting arms' length pricing and being transacted in the ordinary course of business. During the period, all transactions with related parties entered into by the Company were in the ordinary course of business and on an arm's length basis, were approved by the Audit Committee. The detailed Policy on Related Party Transactions is available on the website of the Company at [www.palred.com](http://www.palred.com).

ii. The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

iii. In accordance with the provisions of the Act and Regulation 22 of the SEBI Listing Regulations the Company has in place a Vigil Mechanism and a Whistle-Blower Policy duly approved by the Audit Committee which provides a formal mechanism for all Directors and employees of the Company to approach the Management of the Company and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

The Company has revised the Whistle-Blower policy to insert "reporting of incidents of leak or suspected leak of UPSI" in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time and the revised policy was approved by the Board at its meeting held on February 14, 2020. Kindly refer to the Company's website at [www.palred.com](http://www.palred.com).

iv. The policy for determining a material Subsidiaries and the policy on Related party transaction are available at [www.palred.com](http://www.palred.com).

v. The Company has complied with all the mandatory requirements of Corporate Governance as specified in sub paras (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations and disclosures on compliance with corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant sections of this report.

vi. The Company also fulfils all the non-mandatory requirements as specified in Part E of the Schedule II of the SEBI Listing Regulations.

- a) The company has an Executive Chairman.
- b) The Company has moved towards a regime of Standalone and Consolidated Financial Statements with unmodified audit opinion.
- c) The Internal Auditor makes presentations to the Audit Committee.
- d) Shareholders Rights: The Company has adopted requirements with regard to sending of quarterly half yearly financial results to the Members of the Company.

vii. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – **Not applicable**.

viii. None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.

- ix. The Company has established an appropriate mechanism for dealing with complaints in relation to Sexual Harassment of Women at Workplace, in accordance with its Policy on Prevention of Sexual Harassment at Workplace ('POSH') which is available on the website of the Company. There was on Complaints received during the financial year.
- x. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read together with Schedule V(c) to the SEBI Listing Regulations.
- xi. Appropriate information has been placed on the Company's website pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- xii. Commodity price risk and commodity hedging activities: **Not Applicable**
- xiii. Disclosures with respect to de-mat suspense account/ unclaimed suspense account: **Not Applicable**

**a. Address for Communication**

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

Place: Hyderabad

Date: 31.08.2020

For and on behalf of the Board of  
Palred Technologies Limited

Sd/-

Sd/-

S. VijayaSaradhi

MVLN Murthy

Director

Director

(DIN: 03089889)

(DIN: 07010804)





## 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 2020.

Place: Hyderabad

Date: 31.08.2020

For and on behalf of the Board of

Palred Technologies Limited

Sd/-

Sd/-

S. VijayaSaradhi

MVLN Murthy

Director

Director

(DIN: 03089889)

(DIN: 07010804)

**Annexures-F to the Director’s Report**  
**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Palred Technologies Limited  
Hyderabad

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

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

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

In my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of the Schedule V of the Listing Regulations during the period ended March 31, 2020.

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

For S.S.Reddy & Associates  
Sd/-  
Sarveswar Reddy  
Practicing Company Secretary  
C.P.No.7478

Place: Hyderabad  
Date: 31.08.2020

## Annexures-G to the Director's Report

### DECLARATION FROM INDEPENDENT DIRECTORS

To  
The Board of Directors  
M/s. Paired Technologies Limited

**Sub: Declaration of Independence under Sub-Section (7) of Section 149 of the Companies Act, 2013 and in accordance with the Provisions of Sub-Regulation (8) of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, S. Vijaya Saradhi, hereby declare that I am an Independent Director of Paired Technologies Limited and comply with all the criteria of Independent Director envisaged under Sub-section (6) of Section 149 read with IV of the Companies Act, 2013 and Sub-Regulation (b) of Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I further certify that:

1. I am/was not a promoter of the company or its holding, subsidiary or associate company;
2. I am/was not related to promoters or directors in the company, its holding, subsidiary or associate company;
3. Apart from receiving director sitting fees/remuneration, I have/had no material pecuniary relationship /transactions, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
4. None of my relatives
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
  - (v) has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Neither me nor my relatives
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of
    - (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
    - (iii) holds together with my relatives 2% or more of the total voting power of the company; or
    - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
6. I am not below the age of 21 Years.
7. I am not material supplier, service provider or customer or a lessor or lessee of the Listed Entity.
8. I am not a Non-Independent Director of another Company on the board of which any Non-Independent Director of the Listed Entity is an Independent Director.

Further I declare that pursuant to Provisions of Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 I have applied online with the Institute for inclusion of my name in the data bank and will qualify the online test within the due period of one year from application date.

Thanking You.

**Date: 25.06.2020**  
**Place: Hyderabad**

**Yours Faithfully,**  
**Sd/-**  
**S. Vijaya Saradhi**  
**(Independent director)**  
**DIN : 03089889**

**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

To  
The Board of Directors  
M/s. Palred Technologies Limited

**Sub: Declaration of Independence under Sub-Section (7) of Section 149 of the Companies Act, 2013 and in accordance with the Provisions of Sub-Regulation (8) of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, Atul Sharma, hereby declare that I am an Independent Director of Palred Technologies Limited and comply with all the criteria of Independent Director envisaged under Sub-section (6) of Section 149 read with IV of the Companies Act, 2013 and Sub-Regulation (b) of Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I further certify that:

1. I am/was not a promoter of the company or its holding, subsidiary or associate company;
2. I am/was not related to promoters or directors in the company, its holding, subsidiary or associate company;
3. Apart from receiving director sitting fees/remuneration, I have/had no material pecuniary relationship / transactions, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
4. None of my relatives
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
  - (v) has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Neither me nor my relatives
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of
    - (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - (iii) holds together with my relatives 2% or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
6. I am not below the age of 21 Years.
7. I am not material supplier, service provider or customer or a lessor or lessee of the Listed Entity.
8. I am not a Non-Independent Director of another Company on the board of which any Non-Independent Director of the Listed Entity is an Independent Director.

Further I declare that pursuant to Provisions of Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 I have applied online with the Institute for inclusion of my name in the data bank and will qualify the online test within the given due period of one year from the application date.

Thanking you,

**Place: Hyderabad**  
**Date: 25.06.2020**

Yours faithfully,  
Director: Atul Sharma  
DIN: 07185499

**DECLARATION FROM INDEPENDENT DIRECTORS**

To  
The Board of Directors  
M/s. Paired Technologies Limited

**Sub: Declaration of Independence under Sub-Section (7) of Section 149 of the Companies Act, 2013 and in accordance with the Provisions of Sub-Regulation (8) of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, Ms. Richa Patnaik, hereby declare that I am an Independent Director of Paired Technologies Limited and comply with all the criteria of Independent Director envisaged under Sub-section (6) of Section 149 read with IV of the Companies Act, 2013 and Sub-Regulation (b) of Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I further certify that:

1. I am/was not a promoter of the company or its holding, subsidiary or associate company;
2. I am/was not related to promoters or directors in the company, its holding, subsidiary or associate company;
3. Apart from receiving director sitting fees/remuneration, I have/had no material pecuniary relationship / transactions, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
4. None of my relatives
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
  - (v) has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Neither me nor my relatives
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of
    - (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - (iii) holds together with my relatives 2% or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
6. I am not below the age of 21 Years.
7. I am not material supplier, service provider or customer or a lessor or lessee of the Listed Entity.
8. I am not a Non-Independent Director of another Company on the board of which any Non-Independent Director of the Listed Entity is an Independent Director.

Further I declare that pursuant to Provisions of Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 I have applied online with the Institute for inclusion of my name in the data bank and will qualify the online test within the given due period of one year from the application date.

Thanking you,

Yours faithfully,  
Director: Richa Patnaik  
DIN: 07274527

**Place: Hyderabad**  
**Date: 25.06.2020**



## DECLARATION FROM INDEPENDENT DIRECTORS

To  
The Board of Directors  
M/s. Palred Technologies Limited

**Sub: Declaration of Independence under Sub-Section (7) of Section 149 of the Companies Act, 2013 and in accordance with the Provisions of Sub-Regulation (8) of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, Ms. Aakanksha, hereby declare that I am an Independent Director of Palred Technologies Limited and comply with all the criteria of Independent Director envisaged under Sub-section (6) of Section 149 read with IV of the Companies Act, 2013 and Sub-Regulation (b) of Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I further certify that:

1. I am/was not a promoter of the company or its holding, subsidiary or associate company;
2. I am/was not related to promoters or directors in the company, its holding, subsidiary or associate company;
3. Apart from receiving director sitting fees/remuneration, I have/had no material pecuniary relationship / transactions, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
4. None of my relatives
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
  - (v) has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Neither me nor my relatives
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of
    - (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
    - (iii) holds together with my relatives 2% or more of the total voting power of the company; or
    - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
6. I am not below the age of 21 Years.
7. I am not material supplier, service provider or customer or a lessor or lessee of the Listed Entity.
8. I am not a Non-Independent Director of another Company on the board of which any Non-Independent Director of the Listed Entity is an Independent Director.

Further I declare that pursuant to Provisions of Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 I have applied online with the Institute for inclusion of my name in the data bank and have passed the online test for the same.

Thanking you,

Yours faithfully,  
Director: Aakanksha  
DIN: 08792778

Place: Hyderabad  
Date: 25.06.2020

**Annexure- H 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 31<sup>ST</sup>MARCH, 2020**

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, 2019 and ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technologies Limited ("The Company") for the financial year ended on 31st March, 2020, according to the provisions of:

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

- vi. The Management has identified and confirmed the following laws as being specifically applicable to the Company:
- Information Technology Act, 2000 and the rules made thereunder.
  - Software Technology Parks of India rules and regulations.
  - 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.,
  - Clearance from Various Local Authorities.
- vii. We have also examined compliance with the applicable clauses of the following:
- Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
  - Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
- viii. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.
- ix. As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
- i. The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
- External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - Foreign Direct Investment (FDI) was complied by the company under the financial year under report;
  - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
- x. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

**We further report that:-**

- The company has a Company Secretary namely Mrs.Shruti Mangesh Rege.
- The Company has the internal auditors namely M/s. Laxminiwas& Co. Chartered Accountants, Hyderabad.
- The company has a chief financial officer namely Mr.P.Harish Naidu,

**We further report that:-**

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

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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: A012611B000668961

C. P. No: 7478



### Annexure- A to Secretarial Audit Report

To

The Members of

Palred Technologies Limited

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: A012611B000668961

C. P. No: 7478

Place: Hyderabad

Date: 31.08.2020

## Certificate of Non-Disqualification of Directors

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

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

I have examined the relevant registers, records, forms, returns and disclosures received from Palred Technologies Limited having CIN L72200TG1999PLC033131 and having registered office at H.No. 8-2-703/2/B, Plot.no.2 Road.no.12, Banjara Hills, Hyderabad, Telangana-500034 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

Place: Hyderabad  
Date: 31.08.2020

For S.S.Reddy & Associates  
Sd/-  
Sarveswar Reddy  
Practicing Company Secretary  
C.P.No.7478

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(Pursuant to section 204(1) of the Companies Act, 2013 and**  
**Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

To  
The Members of  
M/s. Palred Technology Services Private Limited

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

Based on our verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2019 and ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technology Services Private Limited (“The Company”) for the financial year ended on 31st March, 2020, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under ;
2. 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;
3. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
4. Other Laws, as informed and certified by the management of the company which are specially applicable to the company based on sector /industry are-
  - a. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC , Compensation etc.,
  - b. Clearance from Various Local Authorities.
5. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.

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

**We further report that:-**

- i. The Company has a Managing Director namely Mr. M .V. L.N. Murthy.
- i. The company has as chief financial officer namely Mr.P.Harish Naidu,
- ii. The company has appointed Ms. Surbhi Jain, as Company Secretary of the company with effect from January 6, 2020

**We further report that:-**

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

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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: A012611B000669069

P. No: 7478

Place: Hyderabad

Date: 31.08.2020

## Annexure- A to Secretarial Audit Report

To  
The Members of  
Palred Technology Services Private Limited

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: A012611B000669069

C. P. No: 7478

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(Pursuant to section 204(1) of the Companies Act, 2013 and**  
**Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

To

The Members of

M/s. Palred Electronics Private Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2019 and ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Electronics Private Limited ("The Company") for the financial year ended on 31st March, 2020, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under ;
2. 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;
3. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
4. Other Laws, as informed and certified by the management of the company which are specially applicable to the company based on sector /industry are-
  - a. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC , Compensation etc.,
  - b. Clearance from Various Local Authorities.
5. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.

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

**We further report that:-**

- a. The Company has a Managing Director namely Mr. Ameen Ashik Khwaja.
- b. The company has Company Secretary namely Mrs. Shruti Mangesh Rege.

**We further report that:-**

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



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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: **A012611B000669071**

C. P. No: 7478

Place: Hyderabad

Date: 31.08.2020

## Annexure-A to Secretarial Audit Report

To

The Members of

Palred Electronics Private Limited

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: **A012611B000669071**

C. P. No: 7478



**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(Pursuant to section 204(1) of the Companies Act, 2013 and**  
**Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

To

The Members of

M/s. Palred Retail Private Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2019 and ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Retail Private Limited ("The Company") for the financial year ended on 31st March, 2020, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under ;
2. 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;
3. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
4. Other Laws, as informed and certified by the management of the company which are specially applicable to the company based on sector /industry are-
  - a. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund , ESIC ,Compensation etc.,
  - b. Clearance from Various Local Authorities.
5. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.

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

**We further report that:-**

- a. The Company has not appointed Managing Director and Company Secretary as the said appointments are not applicable as per Companies Act 2013.

**We further report that:-**

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

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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: **A012611B000669071**

C. P. No: 7478

Place: Hyderabad

Date: 31.08.2020

## Annexure- A to Secretarial Audit Report

To

The Members of

Palred Retail Private Limited

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

UDIN: **A012611B000669071**

C. P. No: 7478

Place: Hyderabad

Date: 31.08.2020

## Annexure- I to the Director's Report

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2019-2020

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

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

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

#### 1. SUBSIDIARIES:

##### **Palred Electronics Private Limited (PEP)**

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

Palred Electronics Private Limited (PEP) owns & operates an electronics / mobile accessories brand called pTron. pTron offers a bouquet of mobile accessories products to meet the needs of its consumers. pTron offers products like True wireless headsets, Bluetooth headsets, portable Bluetooth speakers, wired headsets, chargers and cables, smart watches etc. pTron's strength lies in its 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 currently sells more than 9,000 pieces per day and targets to sell 3 million pieces in FY 20-21. It is one of the largest selling brands on Amazon.

We are an Indian company and an Indian brand and proud about it. We are confident that pTron as an Indian brand can be built successfully in India and in future as a global brand. We have our own office in China and we have built the capabilities to design, create a BOM (bill of materials/SKD kits), assemble them through contract manufacturers in China and import them currently. Over the last 3 years, PEP has gained in-depth knowledge of this business and we have already transferred some value addition to India such as Packing, testing and repair/refurbishing. We have gained adequate knowledge now to start manufacturing/assembling these products in India. This is also in line with the Government's initiative to encourage "Make in India". In the process we will create more jobs in India, reduce forex payments to Chinese imports and gradually start making parts also in India. It is also possible to export assembled units / finished products from India in future.

pTron is positioned in mid-market segment which is characterized by low-price (Rs.500 to Rs.1200 depending on the product category), good quality, high volume & high margin products with warranty.

pTron has own product design, component/BOM level manufacturing, quality control and sourcing expertise across wide range of products. pTron with its sourcing capabilities provides a distinct advantage of price and agility to adapt to constantly changing market demand. The brand has the potential to expand to several other electronics accessories categories in the long run, based on its sourcing strengths, sales channels and overall product design / knowledge that has been acquired over the years. pTron is sold on Online Platforms – Amazon, Flipkart, Snapdeal, Myntra, through Large Format Retailers – Reliance Digital and through offline distribution channels.

##### **Palred Technology Services Private Limited (PTS)**

PTS offers a bouquet of Products through its brand "Xmate" that is exclusively available on Amazon.in. Xmate Sells products like Bluetooth headsets, Bluetooth speakers, wired headsets, chargers and cables, Computer Accessories, Cameras & Camera Accessories etc. The brand faced many challenges during the year because of high advertisement costs and competition from other big brands. The Company was not able to achieve desired growth and it continues to make losses. Hence, the Company has decided to exit "Xmate" brand business.

##### **Palred Retail Private Limited (PRP)**

Palred Retail Private Limited owns ecommerce website, ptron.in and www.LatestOne.com that specialize in selling of tech and mobile accessories such as Bluetooth speakers and headsets, cables, power banks, headsets, smart watches, fashion accessories etc. The company also sells through other major online retailers like Flipkart, Snapdeal, PayTM mall etc.

**FINANCIAL PERFORMANCE:**
**A. Sources of Funds**
**1. Equity Share Capital**

As on 31st March 2020, 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, 2020 was Rs. 6720.30 Lakhs as compared to the balance as on March 31, 2019 was Rs. 6720.30 Lakhs.

**2.2. Capital reserve:**

On a Standalone and Consolidated Basis, the Balance as at March 31, 2020, amounted to Rs. 142.80 Lakhs which was the same as previous year.

**2.3. General Reserve:**

On a Standalone and Consolidated Basis, the balance as at March 31, 2020 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, 2020 stood at Rs. (6133.33) as compared to Rs. (6124.50) Lakhs in previous year, and Consolidated Basis, the balance as at March 31, 2020 stood at Rs. 6462.45 as compared to Rs. 6029.68 as Lakhs in previous year.

**3. Liabilities:**
**3.1. Non-current Liabilities:**

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Other Financial liabilities	0	0	2000000	5100414
Employee benefit obligations	1303200	377287	2996731	1712848
<b>Total</b>	<b>1303200</b>	<b>377287</b>	<b>4996731</b>	<b>6813262</b>

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	
	2020	2019	2020	2019
Financial Liabilities				
Borrowings	0	0	0	0
Trade payables	0	0	274,55,516	61,76,572
Other Financial liabilities	65,93,680	38,12,503	211,46,238	174,85,470
Other Current liabilities	2,26,152	2,27,928	22,12,788	17,62,831
Employee benefit obligations	0	0	29,96,731	19,231
<b>Total Current Liabilities</b>	<b>68,19,832</b>	<b>40,40,431</b>	<b>538,11,273</b>	<b>254,44,104</b>

On standalone basis, the Company has increased its total current liabilities to Rs. 68.19Lakhs stood as on 31st March, 2020as compared to Rs. 40.40 Lakhs in the previous year.

On consolidated basis, the Company has reduced its total current liabilities to Rs. 538.11Lakhs stood as on 31st March, 2020as compared to Rs. 254.44Lakhs in the previous year.

B. Application of Funds:

1.Non- Current Assets:

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Property plant & Equipment	16,98,517	13,29,406	41,71,485	58,69,498
Goodwill (Consolidation)	0	0	0	0
Intangible Assets	0	0	7,42,410	1739572
Financial Assets				
Investments	1280,76,900	880,76,900	28,75,827	24,55,827
Loans	0	0	0	0
Other non- current assets	242,38,762	234,20,350	313,87,066	296,68,928
<b>Total Non-Current Assets</b>	<b>1540,14,179</b>	<b>1128,26,656</b>	<b>391,76,788</b>	<b>39733825</b>

## Investments in Subsidiaries/ associates

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

The Board of Palred Technologies Limited, authorised the Company to invest Rs. 1 Crore respectively in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited).

The Company has undertaken valuation by an independent valuer and accordingly the investment of Rs. 1 Crore was made at Rs. 29.60/- per share including a premium of Rs. 19.60/- per share.

The Company holds 78.17% stake in the said subsidiary

### Palred Technology Services Private Limited:

On May 30, 2019, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 2 Crores in Palred Technology Services Private Limited.

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

The Company holds 100% stake in the said subsidiary.

### Palred Retail Private Limited:

On August 14, 2019, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 1 Crore in Palred Retail 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 83.71% stake in the said subsidiary.

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

On a standalone basis, balance in current investments is Rs. 28.67 Lakhs as March 31, 2020 compared to Rs. NIL as at March 31, 2019. The cash and bank balance stand at Rs. 1456.02Lakhs as at March 31, 2020 as compared to Rs. 1935.68 Lakhs as at March 31, 2019.

On a consolidated basis, balance in current investments is Rs. 28.67Lakhs as March 31, 2020 compared to 10.58 Lakhs as at March 31, 2019. The cash and bank balance stand at Rs. 1852.55 Lakhs as at March 31, 2020as compared to Rs. 2300.17 Lakhs as at March 31, 2019.

### III. RESULTS OF OUR OPERATIONS:

#### 1. Income:

On a standalone basis, the Company has earned Rs. 92.39 Lakhs as Income from Operations & Rs. 104.21 Lakhs as Other Income from Dividend and interest from non-trade investments.

On a Consolidated basis, the Company has earned revenues of Rs. 4,555.88 Lakhs from operations and Rs. 3393.53 Lakhs from other income sources

As on date of this report, the Company has invested Rs. 453.00 Lakhs in Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited) and Rs. 304.00 Lakhs in Palred Retail Private Limited. Investment in Palred Technology Services Private Limited has Net carrying Value Rs. 523.77 Lakhs as on date.

Palred Electronics Private Limited (formerly known as Palred Online Technologies Private Limited) has earned a total revenue of Rs. 3686.20 Lakhs in FY 2019-20 as compared to Rs. 2978.79 Lakhs in FY 2018-19 resulting in 23.78% increase in net revenue year on year basis.

Palred Technology Services Private Limited has earned a total Revenue of Rs. 677.37 Lakhs in FY 2019-2020 as compared to Rs. 333.66 Lakhs in FY 2018-2019 resulting in 100% growth in net revenue year on year basis.

Palred Retail Private Limited has earned a total Revenue of Rs. 914.78 Lakhs in F.Y. 2019-20 as compared to Rs. 751.34 Lakhs in FY 2018-2019 resulting into growth of 21.78% in Net Revenue.

Thus on a consolidated basis, the total revenue of the Company is Rs. 4712.26 Lakhs compared to Rs. 3574.82 Lakhs in previous year.

#### 2. Expenditure:

On a Standalone Basis, the expenditure incurred towards employee benefit expenses is Rs. 108.99 Lakhs as against Rs. 64.09 Lakhs of previous year and Other Expenses are Rs. 85.12 Lakhs as against Rs. 69.72 Lakhs of previous year.

On a Consolidated Basis, the Total Expenditure is Rs. 5172.96 Lakhs as against Rs. 4483.43 Lakhs of previous year.

#### 3. Operating Profit:

On a standalone basis, the company has earned operating loss of Rs. 8.83 Lakhs as against loss of Rs. 9.02 lakhs profit in previous year.

On a Consolidated Basis, the company has incurred operating loss of Rs. 460.70 Lakhs as compared to profit of Rs. 908.61 Lakhs of previous Year.

#### 4. Depreciation and Amortisation:

On a standalone basis, we provided Rs. 11.31 Lakhs and Rs. 10.92 Lakhs for the years ended March 31, 2020 and March 31, 2019 respectively

On a consolidated basis, we provided Rs. 75.66 Lakhs and Rs. 70.16 Lakhs for the years ended March 31, 2020 and March 31, 2019 respectively.

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

On a standalone basis, the company has earned net loss of Rs. 8.83 Lakhs as against Loss of 4768.73 lakhs in previous year.

On a Consolidated Basis, the company has incurred net loss of Rs. 481.77 Lakhs as compared to profit of Rs. 1104.10 Lakhs of previous Year.

#### 6. Liquidity:

On a standalone basis, the company has operations in F.Y. 2019-20. The Company has utilized Rs. 135.86 Lakhs from investing activities during 2019-2020 compared to generation of Rs. 150.67 Lakhs during 2018-2019. The Company has also used Rs. 139.22 Lakhs from operating activities during 2019-2020 compared to Rs. 151.81 Lakhs during 2018-2019.

On a Consolidated Basis, the net cash used in operations is Rs. (1466.92) Lakhs as against (1382.56) 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- NIL

### IV. STRATEGY, OUTLOOK, OPPORTUNITIES AND THREATS:

#### A. Objective and Strategy:

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

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

#### b. Outlook, Risks and Concerns:

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

#### B. Intellectual Property Infringement:

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

#### C. Risks and risk management and their implementation:

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

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

## Financial Performance

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



#### V. INTERNAL CONTROL SYSTEMS AND ADEQUACY:

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

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

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

#### VI. HUMAN RESOURCES:

##### A. Objective and Strategy:

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

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

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

##### B. Culture, Values and Leadership

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

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

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

#### VII. CAUTIONARY STATEMENT:

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

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

Particulars	Standalone basis		Remarks
	2019-20	2018-19	
Debtors Turnover Ratio	3	0	The Company has increased its revenue due to income from operations as compared to F.Y. 2018-19.
Inventory Turnover Ratio	0	0	
Interest Coverage Ratio	0	0	
Current Ratio	21.00	48.32	The Liabilities have increased due to lease liabilities due to which the Current ratio for the F.Y. 2018-19 has decreased
Debt Equity Ratio	0.00	0.00	
Operating Profit Margin Ratio	0	0	
Net Profit Margin Ratio	(0.04)	(31.01)	The Company has increased its revenue due to income from operations as compared to F.Y. 2018-19.

Particulars	Consolidated basis		Remarks
	2019-20	2018-19	
Debtors Turnover Ratio	7.30	22.86	Change of business model from B2C to B2B
Inventory Turnover Ratio	3.67	3.19	No significant change
Interest Coverage Ratio	(3.88)	(123.15)	Huge difference due to high usage of Overdrafts in FY 2019-20.
Current Ratio	2.21	12.69	The Liabilities have increased due to lease liabilities due to which the Current ratio for the F.Y. 2018-19 has decreased.
Debt Equity Ratio	0.45	1.15	OD is more
Operating Profit Margin Ratio	0.35	(0.31)	Change of business model from B2C to B2B
Net Profit Margin Ratio	(0.09)	(0.38)	Change of business model from B2C to B2B

Return on Net Worth:

Particulars	Standalone basis		Consolidated Basis	
	2019-20	2018-19	2019-20	2018-19
Return on Net Worth	0.00	(1.57)	(0.16)	(0.35)

There is an increase in Return in Return on Net Worth ratio as the loss has been reduced in F.Y.2019-20.

IX. DISCLOSURE OF ACCOUNTING TREATMENT:

During the preparation of Financial Statement of F.Y. 2019-20 the treatment as prescribed in an Accounting Standard has been followed by the Company. There is no discrepancy in Accounting Treatment as followed by the Company in current financial year as compared to previous financial year.

**Annexure-J-to the Director's Report**

**CFO COMPLIANCE CERTIFICATE  
(AS PER REGULATION 17(8) OF THE LISTING REGULATIONS)**

To  
The Board of Directors,  
M/s. Palred Technologies Limited.

Dear Members,

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

- A. I have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2020 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 listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  - iii. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
  - iv. I accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
  - v. I have indicated to the Auditors and to the Audit Committee:
    - i. that there are no significant changes in internal control over financial reporting during the year;
    - ii. that there are no significant changes in accounting policies during the year;
    - iii. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

For Palred Technologies Limited

Sd/-

P. Harish Naidu

CFO

## INDEPENDENT AUDITOR'S REPORT

To the Members of **Palred Technologies Limited**,  
Report on the Audit of the Standalone Financial Statements

### OPINION

We have audited the accompanying standalone financial statements of Palred Technologies Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, the standalone statement of Profit and Loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No.	Key audit Matters (Risk)	How Was the Key Audit Matter Addressed in the Audit
1.	<p><b>Valuation of Investments in Equity Shares of Subsidiaries</b> Refer to the disclosures related to Investments in Note 5 of the standalone financial statements for the year ending March 31, 2020. These investments are accounted for at cost in accordance with Ind AS 27 “Separate Financial Statements”. The subsidiaries have been incurring continuous losses in the past, resulting in possible impairment indicators. The process for measuring and recognizing impairment loss is complex and requires management judgement. The key assumptions underpinning management’s assessment of valuation includes projections of recoverable amounts of recognized assets and liabilities, projections of revenue and market valuation of the Subsidiary. The recovery of investments depends on subsidiaries establishing profitable business in future. Based on the impairment testing done by management, they have provided for impairment of carrying value of the investment in subsidiaries for Rs.47,77,23,100 as at March 31, 2019 and no further impairment for additional investment was made during the year 2019-20 since the fair value per share of the subsidiaries in which investment has been made is greater than the cost of investment made. Considering the materiality, complexity and significance of the judgement involved, valuation of investments has been considered to be a key audit matter.</p>	<p><b>Our audit procedures in respect of this area included:</b></p> <ol style="list-style-type: none"> <li>1. Obtained an understanding and assessed management’s process and controls with respect to determining valuation of investments.</li> <li>2. Evaluated and tested the design and the operating effectiveness of the key controls in relation to valuation.</li> <li>3. Verified the assumptions &amp; arithmetical accuracy for the value per share of the subsidiaries in which investment is made by the company.</li> <li>4. Compared the pro rata share of net assets of each of the subsidiaries to the investment held by the Company and market value of the company to the consolidated network.</li> <li>5. Evaluated the appropriateness of the disclosures made in the financial statement in relation to such investments as required by applicable accounting standards.</li> </ol>

Assessment of Covid 19 impact	Our audit procedures in respect of this area included:
<p>The World Health Organization announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 3, 2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown. Covid-19 has contributed to a significant decline and volatility in global and Indian economy. The management has made an assessment of the impact of COVID-19 on the Company’s operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. The full extent and duration of the impact of COVID-19 is currently unknown and the assessment made by the Company involves a significant of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of Covid-19 and provision thereof as a Key Audit Matter.</p>	<p><b>Our audit procedures in respect of this area included:</b></p> <ol style="list-style-type: none"> <li>1. Testing the design and operating effectiveness of key controls of assessment.</li> <li>2. Testing of Application controls include testing of automated controls, reports and system reconciliations.</li> <li>3. Selecting samples based on quantitative and qualitative risk factors.</li> <li>4. Obtained an understanding and assessed the appropriateness of the basis of evaluation of the management.</li> </ol>

**Information other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

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

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in “Annexure A” a detailed description of Auditor’s responsibilities for Audit of the Standalone Financial Statements.

#### **Other Matter**

The standalone Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 30, 2019 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of these matter.

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

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow 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 Indian Accounting Standards specified under Section 133 of the Act;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”; 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits prescribed under Section 197 of the Act and the rules there under.

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

#### **For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAADI7286

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PALRED TECHNOLOGIES LIMITED

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibits public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No.214198

UDIN: 20214198AAAADI7286

Place: Hyderabad

Date: 31.08.2020



**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PALRED TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) Fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made. 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, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the order are no applicable.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us , in our opinion , the Company is regular in depositing undisputed statutory dues with appropriate authorities including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	65,43,580	AY 2013-14	Income-Tax Appellate Tribunal, Hyderabad.

- viii. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. according to information, explanations given to us, there is no remuneration paid by the Company to its directors. Accordingly, the provisions stated in paragraph 3 (xi) of the Order are not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

**For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAADI7286

Place: Hyderabad

Date: 25<sup>th</sup> June 2020

## **ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PALRED TECHNOLOGIES LIMITED**

[Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of Palred Technologies Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 its 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**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and 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 internal financial controls. 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 internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone financial statements, whether due to fraud or error.

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 internal financial controls with reference to standalone financial statements.

#### **Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements** Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAADI7286

Place: Hyderabad

Date: 25<sup>th</sup> June 2020



**Palred Technologies Limited**  
**Balance Sheet as at 31 March 2020**  
 (All amounts in Rupees, unless otherwise stated)

	<u>Notes</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2020</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	955,913	1,329,406
Right of Use Assets	4 (a)	742,603	-
Financial assets			
Investments	5	128,076,900	88,076,900
Other non-current assets	6	24,238,762	23,420,350
<b>Total non-current assets</b>		<b>154,014,178</b>	<b>112,826,656</b>
<b>Current assets</b>			
Financial assets			
Investments	5	2,867,086	-
Trade receivables	7	3,224,355	-
Cash and cash equivalents	8	839,436	1,263,877
Bank balances other than cash and cash equivalent	9	144,763,073	192,294,807
Other financial assets	10	5,587,625	1,599,352
Other current assets	11	112,509	89,085
<b>Total current assets</b>		<b>157,394,084</b>	<b>195,247,121</b>
<b>Total assets</b>		<b>311,408,262</b>	<b>308,073,777</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	97,325,660	97,325,660
Other equity	13	205,153,068	206,330,399
<b>Total equity</b>		<b>302,478,728</b>	<b>303,656,059</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	14	1,288,538	367,778
<b>Total non-current liabilities</b>		<b>1,288,538</b>	<b>367,778</b>
<b>Current liabilities</b>			
Financial liabilities			
Lease liabilities	4 (b)	806,502	-
Other financial liabilities	15	6,593,680	3,812,503
Other current liabilities	16	226,152	227,928
Provisions	14	14,662	9,509
<b>Total current liabilities</b>		<b>7,640,996</b>	<b>4,049,940</b>
<b>Total liabilities</b>		<b>8,929,534</b>	<b>4,417,718</b>
<b>Total equity and liabilities</b>		<b>311,408,262</b>	<b>308,073,777</b>

See accompanying notes to the financial statements 1-33

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For MSKA & Associates**  
 Chartered Accountants  
 Firm Registration No.:105047W

For and on behalf of the Board of Directors

**Palred Technologies Limited**

CIN: L72200TG1999PLC033131

**Amit Kumar Agarwal**  
 Partner  
 Membership No: 214198

**Palem Srikanth Reddy**  
 Managing Director  
 DIN:00025889

**S. Vijaya Saradhi**  
 Director  
 DIN: 03089889

Place: Hyderabad  
 Date: 25 June 2020

**Pinekalapati Harish Naidu**  
 Chief Finance Officer

**Shruti Rege**  
 Company Secretary  
 Membership No: A43523

**Paired Technologies Limited**  
**Statement of Profit and Loss for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

	Notes	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>Income</b>			
Revenue from operations	17	9,238,766	-
Other income	18	10,421,478	15,375,849
<b>Total income</b>		<b>19,660,244</b>	<b>15,375,849</b>
<b>Expenses</b>			
Employee benefits expense	19	10,899,815	6,409,250
Finance costs	20	87,965	-
Depreciation and amortization expense	21	1,131,275	1,092,249
Other expenses	22	8,424,803	6,972,267
<b>Total expenses</b>		<b>20,543,858</b>	<b>14,473,766</b>
<b>Profit /(Loss) before exceptional item</b>		<b>(883,614)</b>	<b>902,083</b>
Exceptional item	23	-	(477,723,100)
<b>Profit /(Loss) before tax</b>		<b>(883,614)</b>	<b>(476,821,017)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of net defined benefit liability		(293,717)	(52,936)
<b>Other comprehensive income for the year, net of tax</b>		<b>(293,717)</b>	<b>(52,936)</b>
<b>Total comprehensive income for the year</b>		<b>(1,177,331)</b>	<b>(476,873,953)</b>
<b>Earnings per equity share</b>			
Basic & Diluted earnings per equity share		(0.09)	(48.99)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		9,732,566	9,732,566
Nominal value per equity share		10	10

See accompanying notes to the financial statements 1-33  
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

Place: Hyderabad  
Date: 25 June 2020

For and on behalf of the Board of Directors  
**Paired Technologies Limited**  
CIN: L72200TG1999PLC033131

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523

**Statement of changes in equity for the year ended 31 March 2020**

(All amounts in Rupees, unless otherwise stated)

	For the Year end 31 March 2020		For the Year end 31 March 2019			
	<b>(A) Equity share capital</b>					
Equity shares of Rs. 10 each issued, subscribed and fully paid 9,732,566						
Opening	9,732,566	97,325,660	9,732,566	97,325,660		
Add: issue during the year	-	-	-	-		
Closing	<b>9,732,566</b>	<b>97,325,660</b>	<b>9,732,566</b>	<b>97,325,660</b>		
<b>(B) Other equity</b>	<b>Reserves and surplus</b>			<b>Other Comprehensive Income</b>		
	Capital Reserve	Security premium	General reserve	Retained earnings	Remeasurement of defined benefit plans	Total
<b>defined benefit plans</b>						
Balance as at 1 April 2018	14,280,000	672,030,093	132,524,353	(135,629,088)	(1,006)	683,204,352
Loss for the year	-	-	-	(476,821,017)	-	(476,821,017)
Other comprehensive loss	-	-	-	-	(52,936)	(52,936)
<b>Balance as at 31 March 2019</b>	<b>14,280,000</b>	<b>672,030,093</b>	<b>132,524,353</b>	<b>(612,450,105)</b>	<b>(53,942)</b>	<b>206,330,399</b>
Loss for the year	-	-	-	(883,614)	-	(883,614)
Other comprehensive loss	-	-	-	-	(293,717)	(293,717)
<b>Balance as at 31 March 2020</b>	<b>14,280,000</b>	<b>672,030,093</b>	<b>132,524,353</b>	<b>(613,333,719)</b>	<b>(347,659)</b>	<b>205,153,068</b>

See accompanying notes to the financial statements 1-33

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.:105047W

**Amit Kumar Agarwal**

Partner

Membership No: 214198

Place: Hyderabad

Date: 25 June 2020

For and on behalf of the Board of Directors

**Palred Technologies Limited**

CIN: L72200TG1999PLC033131

**Palem Srikanth Reddy**

Managing Director

DIN:00025889

**S. Vijaya Saradhi**

Director

DIN: 03089889

**Shruti Rege**

Company Secretary

Membership No: A43523

**Pinekalapati Harish Naidu**

Chief Finance Officer

**Statement of cash flows for the year ended 31 March 2020**

(All amounts in Rupees, unless otherwise stated)

	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>Cash flow from operating activities</b>		
Loss before tax	(883,614)	(476,821,017)
Adjustments for:		
Depreciation and amortization expenses	1,131,275	1,092,249
Dividend on Mutual Fund	(267,086)	(497,641)
Finance cost	87,965	-
Interest income	(10,154,392)	(14,878,208)
Impairment towards investment in subsidiaries	-	477,723,100
<b>Operating loss before working capital changes</b>	<b>(10,085,852)</b>	<b>(13,381,517)</b>
<b>Changes in working capital</b>		
(Decrease)/ increase in trade receivables	(3,224,355)	-
(Decrease)/ increase in other current liabilities	(1,775)	80,679
(Decrease)/ increase in non-current liabilities	3,587,679	498,292
(Decrease)/Increase in provisions	632,196	76,871
Decrease/ (increase) in other financial assets	(3,988,273)	-
Decrease/(increase) in other current assets	(23,424)	(1,138,101)
Decrease/ (Increase) in non-current assets	427,172	-
<b>Cash generated used in operations</b>	<b>(12,676,632)</b>	<b>(13,863,776)</b>
Income Tax	1,245,584	1,327,886
<b>Net cash flows used in operating activities (A)</b>	<b>(13,922,216)</b>	<b>(15,191,662)</b>
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(1,500,385)	-
Net proceeds from mutual funds	(2,867,086)	59,868,397
Purchase of Investments	(40,000,000)	(100,400,000)
Dividend income from mutual funds	267,086	497,641
Net proceeds from fixed deposits	47,531,734	36,307,290
Interest received	10,154,391	18,794,495
<b>Net cash flow from investing activities (B)</b>	<b>13,585,740</b>	<b>15,067,823</b>
<b>Cash flow from Financing activities</b>		
Interest paid	(87,965)	-
<b>Net cash flow from financing activities (C)</b>	<b>(87,965)</b>	-
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(424,441)</b>	<b>(123,839)</b>
Cash and cash equivalents at the beginning of the year	1,263,877	1,387,716
Cash and cash equivalents at the end of the year	<b>839,436</b>	<b>1,263,877</b>
<b>ash and cash equivalents comprise</b>		
Balances with banks		
On current accounts	790,692	1,248,161
Cash on hand	48,744	15,716
<b>Total cash and bank balances at end of the year</b>	<b>839,436</b>	<b>1,263,877</b>

See accompanying notes to the financial statements 1-33

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

For and on behalf of the Board of Directors

**Palred Technologies Limited**

CIN: L72200TG1999PLC033131

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

Place: Hyderabad  
Date: 25 June 2020

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in Rupees, unless otherwise stated)

**1. Corporate Information**

Palred Technologies Limited (the “Company”) is a public company incorporated and domiciled in India and incorporated in accordance with the provisions of the erstwhile Companies Act, 1956. The Company’s registered office is at 8-2-703/2/B/, Plot No.2, Road No.12, Banjara Hills, Hyderabad, Telangana-500 034. Its shares are listed on two recognised stock exchanges of India, the National Stock Exchange of India Limited and BSE Limited. The Company is engaged in the business of E commerce. The Board of Directors approved the Standalone financial statements for the year ended 31 March 2020 and authorised for issue on 25 June 2020.

**2. Basis of preparation of standalone financial statements***Statement of Compliance with Ind AS*

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with rule 3 of the the Companies (Indian Accounting Standards) Rules, 2015, as amended, issued by the Ministry of Corporate Affairs (“MCA”).

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements have been prepared for the Company as a going concern on the basis of relevant IND AS that are effective at the Company’s annual reporting date 31 March 2020.

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items in the Balance sheet: i) Certain financial assets and liabilities measured either at fair value; and ii) Net defined assets/ (Liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

**(i) Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimate and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amount of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and in any future periods effected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

- i. Note (c) and (d) — Useful lives of property, plant and equipment and other intangible assets;
- ii. Note (e) — Impairment;
- iii. Note (g) — Financial instruments;
- iv. Note (k) — Employee benefits;
- v. Note (m) — Provisions, contingent liabilities and contingent assets; and
- vi. Note (l) — Income taxes

**(ii) Summary of significant accounting policies**

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below.

**a. Functional Currency**

The standalone financial statements are presented in Indian Rupee (“INR”) which is also the functional and presentation currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest Rupee, unless otherwise stated.

**b. Current and non-current classification**

All the assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle and other criteria set out in the Division II- Ind AS Schedule III to the Act. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

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

A liability is classified as current when:

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

Current assets/ liabilities include the current portion of non-Current assets/liabilities respectively. All other assets/ liabilities including deferred tax assets and liabilities are classified as non-current.

**c. Property, plant and equipment (PPE)**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when 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. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (Major components) of PPE.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances. Capital Work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on pro-rata basis on straight line method using the useful lives of the assets estimated by management. The useful life is as follows:

Asset	Useful life (in years)
Leasehold improvement	Lease period
Vehicles	10 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

Depreciation on additions/ disposals is provided on pro-rata basis i.e. from/ up to the date on which asset is ready for use/ disposed-off.

The useful lives are based on historical experience with similar assets as well as anticipation of future events. The residual values are not more than 5% of the original cost of the assets. The residual values, useful lives and method of depreciation are reviewed at each financial year- end and adjusted retrospectively, if appropriate.

**d. Intangible assets**

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment. These are derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The other intangible assets comprise of computer software expenditure and are amortized over a period of three years. The amortization period and the amortization method for an intangible asset is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

#### **e. Impairment**

##### *Impairment of non-financial assets*

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

##### *Impairment of financial assets*

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

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

#### **f. Leases:**

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

##### **Company as a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- i. Fixed payments, including in-substance fixed payments;
- ii. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. Amounts expected to be payable under a residual value guarantee; and
- iv. The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer 4)

#### **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **Comparative Information under Ind AS 17**

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Land under perpetual lease for is accounted as finance lease which is recognised at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognised as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Operating lease payments for land are recognised as prepayments and amortised on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **g. Financial Instruments**

##### *Initial Recognition and measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

##### *Classification and subsequent measurement*

#### **Financial Assets**

On initial recognition, a financial asset is classified as measured at

- i. amortised cost;
- ii. fair value through other comprehensive income ("FVTOCI") – debt investment;
- iii. FVTOCI – equity investment; or
- iv. FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

##### *Amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- i. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such 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 Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

#### *FVTOCI – debt investment*

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- i. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### *Equity investment*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by- investment basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

#### *FVTPL*

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

#### *De-recognition*

#### **Financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

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 de-recognition 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 or 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.

#### *Derivative financial instruments and hedge accounting*

The Company uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the Company's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### *Cash and cash equivalents*

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Dividend distribution to equity holders of the Company*

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

### **h. Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

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.

### **i. Investments in the nature of equity in subsidiaries**

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

The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company controls an investee when it 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. Thus, the Company controls an investee if and only if it has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee and
- (c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with Ind AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j. Revenue recognition**

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

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

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

*Other income - Dividend income*

Dividend income is recognised when the Company's right to receive the payment is established, which is generally, when shareholders approve the dividend.

**k. Retirement and other employee benefits**

*Defined contribution plan*

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

*Defined benefit plan*

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.

*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.

**l. Taxes**

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the

temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding 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.

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

As at 31 March 2020 and 31 March 2019, the Company has deferred tax asset on account of unabsorbed business loss, unabsorbed tax depreciation and other items, which have not been recognized on the grounds of prudence. Consequently, there is no deferred tax asset or liability recorded in the financial statements as at reporting periods presented.

Further, as at 31 March, 2020 and 31 March, 2019, the Company has MAT credit of Rs. 9,17,53,770, carried forwarded under the Income-tax laws, not recognised in books due to lack of reasonably certainty.

#### **m. Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- i. Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- ii. 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. However, when realization of income is virtually certain, related asset is recognized.

#### **n. Cash flow statement**

The Cash flow statement is prepared as per the Indirect Method. Cash flow statement 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.

#### **o. Exceptional Items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, impairment losses/write down in value of investment in subsidiaries, significant disposal of fixed assets etc.

#### **p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.

#### **q. 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.

#### **r. Standards, not yet effective and have not been adopted early by the Company**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020. There are no standards that are issued but not yet effective on 31 March 2020.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

## 3. Property, plant and equipment

	Leasehold Improvement	Vehicles	Furniture and Fixtures	Office Equipment	Computers	Total
<b>Gross carrying value (at deemed cost)</b>						
As at 1 April 2018	316,020	34,178	3,746,545	592,766	573,984	5,263,493
Additions	-	-	-	-	-	-
Disposals/retirement	-	-	-	-	-	-
Balance as at 31 March 2019	316,020	34,178	3,746,545	592,766	573,984	5,263,493
Additions -	-	-	-	15,178	-	15,178
Disposals/retirement	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>316,020</b>	<b>34,178</b>	<b>3,746,545</b>	<b>607,944</b>	<b>573,984</b>	<b>5,278,671</b>
<b>Accumulated depreciation</b>						
Up to 1 April 2018	239,027	15,501	1,957,398	460,569	470,590	3,143,085
Charge for the year	54,110	4,835	611,474	63,557	57,026	791,002
Adjustments for disposals/retirement	-	-	-	-	-	-
Balance as at 31 March 2019	293,137	20,336	2,568,872	524,126	527,616	3,934,087
Charge for the year	22,883	3,583	304,788	33,371	24,046	388,671
Adjustments for disposals/retirement	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>316,020</b>	<b>23,919</b>	<b>2,873,660</b>	<b>557,497</b>	<b>551,662</b>	<b>4,322,758</b>
<b>Net carrying value as at 31 March 2019</b>	<b>22,883</b>	<b>13,842</b>	<b>1,177,673</b>	<b>68,640</b>	<b>46,368</b>	<b>1,329,406</b>
<b>Net carrying value as at 31 March 2020</b>	<b>-</b>	<b>10,259</b>	<b>872,885</b>	<b>50,447</b>	<b>22,322</b>	<b>955,913</b>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020  
(All amounts in Rupees, unless otherwise stated)

(4)a Right of Use Asset as at 31 March 2020

Particulars	Category of ROU Asset	Total
Balance as at 1 April 2019	-	-
Additions	1,485,207	1,485,207
Deletions	-	-
Depreciation	742,604	742,604
<b>Balance as at 31 March 2020</b>	<b>742,603</b>	<b>742,603</b>

The aggregate depreciation expenses on ROU Assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

Lease liabilities as at 31 March 2020

Particulars	As at 31 March 2020
i) Non-Current	-
ii) Current	806,502
<b>Total</b>	<b>806,502</b>

The movement in lease liabilities during the year ended 31st March 2020 is as follows:

Particulars	As at 31 March 2020
<b>Balance as at 1 April 2019</b>	
Additions	1,485,207
Finance cost accrued during the year	87,965
Deletions	-
Payment of lease liabilities	766,670
<b>Balance as at 31 March 2020</b>	<b>806,502</b>

The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis as follows:

Particulars	As at 31 March 2020
Less than one year	806,502
One year to three years	-
More than three years	-
<b>Total</b>	<b>806,502</b>



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

5. Financial Assets- Investments	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>A. Non-Current</b>		
<b>Investments in unquoted equity shares (Fully paid up, unless stated otherwise)</b>		
<b>In Subsidiaries (Carried at cost)</b>		
<b>i) Palred Electronics Private Limited( Formerly known as Palred Online Technologies Private Limited), principal place of business at Hyderabad, India</b>		
Number of shares	27,206,574	26,861,747
Par value of each share	10	10
% of holding	78.17%	77.95%
Gross Carrying Amount	45,300,000	435,300,000
Impairment towards investments	-	349,602,930
Net Carrying Amount	<b>45,300,000</b>	<b>85,697,070</b>
<b>ii) Palred Retail Private Limited, principal place of business at Hyderabad, India</b>		
Number of shares	3,040,000	2,040,000
Par value of each share	10	10
% of holding	97.81%	96.77%
Gross Carrying Amount	30,400,000	20,400,000
Impairment towards investments	-	18,020,170
Net Carrying Amount	<b>30,400,000</b>	<b>2,379,830</b>
<b>iii) Palred Technology Services Private Limited, principal place of business at Hyderabad, India</b>		
Number of shares	13,010,000	11,010,000
Par value of each share	10	10
% of holding	100%	100%
Gross Carrying Amount	52,376,900	110,100,000
Impairment towards investments	-	110,100,000
Net Carrying Amount	<b>52,376,900</b>	<b>-</b>
<b>Total</b>	<b>128,076,900</b>	<b>88,076,900</b>
<b>B. Current</b>		
<b>Investments in mutual funds, non-trade, unquoted</b>		
2834.153 units (31 March 2019: Nil) of Kotak Arbitrage Fund - Monthly Dividend Reinvestment plan		
	2,867,086	-
<b>Total</b>	<b>2,867,086</b>	<b>-</b>
<b>Note:</b>		
Aggregate amount of quoted investments	2,867,086	-
Aggregate book value of unquoted investments	128,076,900	88,076,900
Aggregate amount of impairment of value in investment	-	477,723,100

**Exceptional item- Impairment towards investment in subsidiaries**

The investment in subsidiaries are tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the financial year ended 31 March 2019, due to increase in the competition and the customer acquisition costs, the management has estimated the recoverable amount of investments in subsidiaries based on the projections of recoverable amounts of recognized assets and liabilities of Palred Group and market valuation of the Company. On the basis of management evaluation, the aggregate carrying amount of investments exceeds the aggregate recoverable amount by Rs. 47,77,23,100 and accordingly, the Board of Directors of the Company have considered to create a provision against such investments in subsidiaries amounting to Rs. 47,77,23,100 for the year ended 31 March 2019 under exceptional item, considering the significance of them.



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020  
(All amounts in Rupees, unless otherwise stated)

	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>6 Other non-current assets</b>		
Advance tax (net of provision)	23,239,270	21,993,686
Balances with government authorities	999,492	1,426,664
<b>Total other non-current other assets</b>	<b>24,238,762</b>	<b>23,420,350</b>

**7 Trade receivable**

	<u>Non-Current</u>		<u>Current</u>	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Secured, considered good	-	-	-	-
Unsecured				
- Considered good	-	-	3224355	-
			3224355	-
Further classified as				
Receivable from related parties (Refer footnote i)	-	-	-	-
Receivable from other	-	-	3224355	-
			3224355	

Foot note i : Include due from following Companies in which the Company is having common directors:

	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Palred Electronics Private Limited	-	-	2,416,757	-
Palred Retail Private Limited	-	-	370,766	-
Palred Technology Services Private Limited	-	-	436,832	-
			<b>3,224,355</b>	-

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

**8 Cash and cash equivalents**

	As at 31 March 2020	As at 31 March 2019
Balances with banks On current accounts	790,692	1,248,161
Cash on hand	48,744	15,716
	<b>839,436</b>	<b>1,263,877</b>

**9 Bank balances other than Cash and cash equivalent**

	As at 31 March 2020	As at 31 March 2019
Balance in unpaid dividend account	3,403,237	1,840,195
Balance in unpaid capital reduction account	1,359,836	800,802
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	140,000,000	189,653,810
	<b>144,763,073</b>	<b>192,294,807</b>

**Note:** The Subsidiary entities (Palred Electronics Private Limited and Palred Technology Services Private Limited) taken the over draft facilities from ICICI Bank against the Fixed deposits.

**10 Other financial assets**

	As at 31 March 2020	As at 31 March 2019
Interest accrued on fixed deposits	4,822,513	1,599,352
Accrued income	765,112	-
	<b>5,587,625</b>	<b>1,599,352</b>

**11 Other current assets**

	As at 31 March 2020	As at 31 March 2019
Advance recoverable in kind	46,328	20,576
Prepaid expenses	66,181	68,509
	<b>112,509</b>	<b>89,085</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

**12 Share capital**
**Equity shares**

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorized</b>				
Equity shares of Rs. 10 each	28,038,800	280,388,000	28,038,800	280,388,000
14% Preference Shares of Rs.100 each	696,120	69,612,000	696,120	69,612,000
<b>Issued, subscribed and paid up</b>				
Equity shares of Rs.10 each fully paid	9,732,566	97,325,660	9,732,566	97,325,660
<b>Total</b>	<b>9,732,566</b>	<b>97,325,660</b>	<b>9,732,566</b>	<b>97,325,660</b>

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

	For the period ended 31 March 2020		For the period ended 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	9,732,566	97,325,660	9,732,566	97,325,660
Add: Issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>9,732,566</b>	<b>97,325,660</b>	<b>9,732,566</b>	<b>97,325,660</b>

**(b) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will 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 shareholders.

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

Name of the equity shareholder	As at 31 March 2020		As at 31 March 2019	
	Number	% holding	Number	% holding
<b>Equity shares of Rs. 10 each fully paid</b>				
Stuthi Reddy	1,000,000	10.27%	1,000,000	10.27%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	10.27%
Sanhita Reddy	1,000,000	10.27%	1,000,000	10.27%
Passage to India Master Fund Limited	701,586	7.21%	701,586	7.21%
Ashish Dhawan	678,189	6.97%	678,189	6.97%
Palem Srikanth Reddy	602,261	6.19%	602,261	6.19%

**(d)** No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

**(e) 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 4,00,000 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.

**(f) 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 Rs. 16.50 at a premium of Rs. 11.50 per share and cancelled extinguished 60% of the equity shares of the Company of face value of Rs. 5 each in July 2015. After reduction, the issued, subscribed and paid-up equity share capital of Rs. 19,51,84,850 consisting of Rs. 3,90,36,970 equity shares of Rs. 5 each fully paid-up was reduced to Rs. 7,80,73,940 consisting of Rs. 1,56,14,788 equity shares of Rs. 5 each.

	Number of shares
	1 April 2015 to 31 March 2020
Aggregate number of capital reduction of equity shares	23,422,182

	As at 31 March 2020	As at 31 March 2019
<b>13 Other equity</b>		
<b>Reserves and surplus</b>		
Capital Reserve	14,280,000	14,280,000
Securities premium	672,030,093	672,030,093
General reserve	132,524,353	132,524,353
Retained earnings	(613,333,719)	(612,450,105)
<b>Total reserves and surplus</b>	<b>205,500,727</b>	<b>206,384,341</b>
<b>Other Comprehensive Income</b>		
Remeasurement of defined benefit plan	(347,659)	(53,942)
<b>Total other comprehensive income</b>	<b>(347,659)</b>	<b>(53,942)</b>
<b>Total Other equity</b>	<b>205,153,068</b>	<b>206,330,399</b>

**Nature and Purpose of reserve:**
**i. Capital Reserve**

The reserve represents creation of capital reserve pursuant to the scheme of amalgamation. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

**ii. Securities Premium Account**

The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

**iii. General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**iv. Remeasurement of defined benefit plan**

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit plan 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.

**14 Provisions**

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Gratuity (refer note (a))	1,288,538	367,778
	<b>1,288,538</b>	<b>367,778</b>
<b>Current</b>		
Gratuity (refer note (a))	14,662	9,509
	<b>14,662</b>	<b>9,509</b>

**(a) Gratuity**

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 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 below.

	As at 31 March 2020	As at 31 March 2019
<b>i. Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	377,087	247,480
Service cost	154,439	57,665
Interest cost	60,125	19,006
Actuarial (gain) / loss	293,717	52,936
Settlements	417,832	-
Benefits paid	-	-
<b>Projected benefit obligation at the end of the year</b>	<b>1,303,200</b>	<b>377,087</b>
<b>ii. Expense recognized in the statement of profit and loss</b>		
Service cost	154,439	57,665
Interest cost	60,125	19,006
Expected returns on plan assets		
Net gratuity costs	<b>214,564</b>	<b>76,671</b>
<b>iii. Expense recognized in OCI</b>		
Recognized net actuarial (gain)/ loss	293,717	52,936
<b>iv. Key actuarial assumptions</b>		
Financial assumptions		
Discount rate	6.04%	7.59%
Salary escalation rate	7.00%	7.00%
Demographic assumptions		For Service 4 years and below 5% For Service 5 years and above 2%

Mortality rate as per Indian Assured Lives Mortality 2012-14 table

**v. Sensitivity Analysis**

Projected defined benefit obligation		
Delta effect of +1% change in discount rate	(132,041)	(34,651)
Delta effect of -1% change in discount rate	155,605	41,705
Delta effect of -1% change in discount rate	121,423	41,532
Delta effect of -1% change in salary escalation rate	(132,087)	(35,124)

**vi. Maturity analysis of projected benefit obligation**

1 year	26,943	9,509
2 to 5 years	291,441	196,293
6 to 10 years	169,644	37,886
More than 10 years		

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and salary escalation rate. The calculation of the net defined benefit liability is sensitive to these assumptions. Sensitivity to these factors is disclosed above.

<b>15 Other financial liabilities</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Current</b>		
Unpaid dividends	3,403,237	1,840,195
Unclaimed capital reduction	1,359,835	800,802
Other Payables	1,830,608	1,171,506
<b>Total other financial liabilities</b>	<b>6,593,680</b>	<b>3,812,503</b>
<b>16 Other current liabilities</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Statutory dues payable	226,152	227,928
<b>Total other current liabilities</b>	<b>226,152</b>	<b>227,928</b>
<b>17 Revenue from operations</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Sale of Services:</b>		
E commerce fulfilment charges	1,519,740	-
Management fees	7,719,026	-
<b>Total revenue from operations</b>	<b>9,238,766</b>	<b>-</b>
<b>18 Other income</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2020</b>	<b>31 March 2019</b>
Interest Income	10,154,392	14,878,208
Dividend From Mutual Funds	267,086	497,641
<b>Total other income</b>	<b>10,421,478</b>	<b>15,375,849</b>
<b>19 Employee benefits expense</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2020</b>	<b>31 March 2019</b>
Salaries, wages, bonus and other allowances	10,250,146	5,927,745
Contribution to Provident Fund	193,970	136,324
Gratuity expenses (Refer note 14)	214,564	76,671
Staff welfare expenses	241,135	268,510
	<b>10,899,815</b>	<b>6,409,250</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

20	<b>Finance costs</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Interest Expense on lease liability	87,965	-
		<b>87,965</b>	-
21	<b>Depreciation and amortization expense</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Depreciation of property, plant and equipment	388,671	1,092,249
	Depreciation of ROU Assets	742,604	-
		<b>1,131,275</b>	<b>1,092,249</b>
22	<b>Other expenses</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Rent	-	600,000
	Rates and taxes	1,180,126	635,956
	Office expenses	2,011,836	2,450,222
	Communication, broadband and internet expenses	107,146	92,979
	Postage and courier	2,240	101,710
	Insurance	12,292	27,926
	Travelling and conveyance	1,136,286	988,528
	Legal and professional charges*	1,212,035	1,028,078
	Auditor's Remuneration (Refer Note i)	1,200,000	936,000
	Sitting Fees	20,000	-
	Hosting Expenses	1,501,573	-
	Advertisement	14,880	-
	Advances written off	-	100,000
	Donations	15,000	-
	Miscellaneous expenses	11,389	10,868
		<b>8,424,803</b>	<b>6,972,267</b>

Note i : The following is the break-up of Auditors remuneration (exclusive of Goods and service tax)

	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
As auditor:		
Statutory audit	1,200,000	936,000
<b>Total</b>	<b>1,200,000</b>	<b>936,000</b>

23	<b>Exceptional items</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Impairment Cost	-	(477,723,100)
		-	<b>(477,723,100)</b>



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in Rupees, unless otherwise stated)

**24 Earnings per equity share (EPES)**

Basic earnings /(loss) per share amounts are calculated by dividing the loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computations:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Loss attributable to equity holders	(883,614)	(476,821,017)
Weighted average number of equity shares	<u>9,732,566</u>	<u>9,732,566</u>
Basic loss per share (INR)	(0.09)	(48.99)
Diluted loss per share (INR)	(0.09)	(48.99)

**25 Fair value measurements**
**(i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

<b>(ii) Financial assets and financial liabilities measured at fair value</b>	<b>As at 31 March 2020</b>		<b>31 March 2019</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Level 2</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>					
Current Investments	2,867,086	-	-	-	-

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 at the end of the reporting period.

**(iii) Financial instruments by category**

For amortised cost instruments, carrying value represents the best estimate of fair value.

	<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
	<b>FVTPL</b>	<b>Amortised cost</b>	<b>FVTPL</b>	<b>Amortised cost</b>
<b>Financial Assets</b>				
Current Investments	2,867,086	-	-	-
Trade receivables	-	3,224,355	-	-
Cash and cash equivalents	-	839,436	-	1263,877
Other Bank balances	-	144,763,073	-	192,294,807
Other financial assets	-	5,587,625	-	1,599,352
<b>Total financial assets</b>	<b>2,867,086</b>	<b>154,414,489</b>	<b>-</b>	<b>195,158,036</b>
<b>Financial liabilities</b>				
lease liability	-	806,502	-	-
Other financial liabilities	-	6,593,680	-	3,812,503
<b>Total financial liabilities</b>	<b>-</b>	<b>7,400,182</b>	<b>-</b>	<b>3,812,503</b>

iv. The Company's principal financial liabilities, comprise other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPL investments. The carrying amounts of trade receivables, and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values.

## 26 Financial instruments risk management

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Company's risk management policies are established to identify and analyse the risks faced by the Company and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for management of these risks:

### A. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may results 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.

### B. 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 certificate's 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 deposits) were past due or impaired as at the reporting periods.

### C. 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 year.

Particulars	As at31 March 2020	As at31 March 2019
Current Assets	157,394,084	195,247,121
Current liabilities	7,640,996	4,049,940
<b>Working Capital</b>	<b>149,753,088</b>	<b>191,197,181</b>

## 27 Capital risk management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to shareholders. The Company manages its capital structure and make adjustment in light of changes in business condition. The overall strategy remains unchanged as compared 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.

**28 Related Party disclosures**
**(a) Names of the related parties and nature of relationship**

Names of related parties	Country	Nature of relationship
Palred Electronics Private Limited-Subsidiary	India	Subsidiary
Palred Retail Private Limited-Subsidiary	India	Subsidiary
Palred Technology Services Private Limited	India	Step-down subsidiary
Mr. Palem Srikanth Reddy		Key Management Personnel
Mr. Pinekalapati Harish Naidu, CFO		Key Management Personnel
Mrs. Shruti Rege, Company Secretary		Key Management Personnel
Ms. Supriya Reddy		Relatives of Key Management Personnel
Ms. Stuthi Reddy		Relatives of Key Management Personnel

**(b) Transactions with related parties:**

Related Party	Transaction	For the year ended 31 March 2019	For the year ended 31 March 2020
Palred Electronics Private Limited	Investment in equity shares	10,000,000	60,000,000
Palred Retail Private Limited	Investment in equity shares	10,000,000	20,400,000
Palred Technology Services Private Limited	Investment in equity shares	20,000,000	20,000,000
Palred Electronics Private Limited	Reimbursement of expenses	-	20,816
Palred Retail Private Limited	Reimbursement of expenses	-	11,864
Palred Technology Services Private Limited	Reimbursement of expenses	-	114,814
Palred Electronics Private Limited	Ecom Fulfilment Services	117,700	-
Palred Retail Private Limited	Ecom Fulfilment Services	1,397,575	-
Palred Technology Services Private Limited	Ecom Fulfilment Services	4,465	-
Palred Electronics Private Limited	Pledge of fixed deposits against working capital limits	76,000,000	-
Palred Technology Services Private Limited	Pledge of fixed deposits against working capital limits	57,000,000	-
Palred Electronics Private Limited	Management Fee	5,393,444	-
Palred Retail Private Limited	Management Fee	525,582	-
Palred Technology Services Private Limited	Management Fee	1,800,000	-
Mr. Palem Srikanth Reddy	Remuneration*	3,000,000	3,000,000
Mr. Palem Srikanth Reddy	Reimbursement of expenses	979,262	292,589
Mr. Pinekalapati Harish Naidu	Salaries including bonuses	2,500,000	2,500,000
Mr. Pinekalapati Harish Naidu	Reimbursement of expenses	80,181	-
Mrs. Shruti Rege	Salaries including bonuses	601,000	-
Ms. Supriya Reddy	Rent	-	200,000
Ms. Stuthi Reddy	Rent	766,670	400,000

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

**(c) Balances receivable/(payables)**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Palred Electronics Private Limited	2,416,757	-
Palred Retail Private Limited	370,766	-
Palred Technology Services Private Limited	436,832	-
Mr. Palem Srikanth Reddy	(38,331)	(40,087)
Ms. Stuthi Reddy	(36,000)	-

**29 Contingent liabilities and pending litigations**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Claim against company not acknowledged as debt - (Income Tax)</b>		
Assessment year 2006-07 - refer note below	6,543,580	6,543,580

**Note:**

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

**30 Segment reporting**

The operations of the company are predominantly related to the trading in electronic products, fashion accessories and providing related services. As such there is only one primary reportable segment as per IND AS 108 'Operating Segments'.

**31** Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments based on the information available to date, both internal and external, while preparing its financial statements for the year ended 31 March 2020. Based on the assessment done by the management of the Company, there is no significant/material impact of COVID-19 on the financial statements for the year ended 31 March 2020.

**32** The standalone financial statements are approved for issue by the Company's Board of Directors on 25 June 2020.

**33** Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

Place: Hyderabad  
Date: 25 June 2020

For and on behalf of the Board of Directors  
**Palred Technologies Limited**  
CIN: L72200TG1999PLC033131

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523

## INDEPENDENT AUDITOR’S REPORT

To the Members of **Palred Technologies Limited**,  
Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Palred Technologies Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the consolidated balance sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as the “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the other financial information of subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of its consolidated loss and the consolidated total other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No.	Key audit Matters (Risk)	How Was the Key Audit Matter Addressed in the Audit
	<p><b>Assessment of Covid 19 impact</b></p> <p>The World Health Organization announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 3, 2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.</p> <p>Covid-19 has contributed to a significant decline and volatility in global and Indian economy.</p> <p>However, the Group has not made any provision in respect of investment in subsidiaries or any other financial statement area as the entity has not got affected due to the pandemic.</p> <p>The full extent and duration of the impact of COVID-19 is currently unknown and the Group has not made any provision as of the year ending March 31, 2020 . This involves a significant amount of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of Covid-19 as a Key Audit Matter.</p>	<p><b>Our audit procedures in respect of this area included:</b></p> <ol style="list-style-type: none"> <li>1. Testing the design and operating effectiveness of key controls of assessment.</li> <li>2. Testing of Application controls include testing of automated controls, reports and system reconciliations.</li> <li>3. Selecting samples based on quantitative and qualitative risk factors.</li> <li>4. Obtained an understanding and assessed the appropriateness of the basis of evaluation of the management.</li> </ol>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the consolidated Financial Statements.

**Other Matter**

a. We did not audit financial statements of four subsidiaries whose financial information reflects total assets (before consolidation adjustments) of Rs. 389.08 lacs as at March 31, 2020, total revenues (before consolidation adjustments) of Rs. 240.11 lacs, total net loss and other comprehensive income (before consolidation adjustments) of Rs. 59.79 lacs 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 these subsidiaries, and our report in terms of subsection (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 explanation given to us by the management, this information is not material to the group.

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

b. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 30, 2019 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of these matter.

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

1. 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 purposes 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 by the Company so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March, 2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”; 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 36 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates Chartered Accountants

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAADJ6298

Place: Hyderabad

Date: 25<sup>th</sup> June 2020



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PALRED TECHNOLOGIES LIMITED

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibits public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No.214198

UDIN: 20214198AAAADJ6298

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PALRED TECHNOLOGIES LIMITED**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Palred Technologies Limited on the consolidated financial statements for the year ended March 31, 2020]

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Palred Technologies Limited (the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group" as at and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of the Holding Company and its three subsidiary companies which are companies covered under the Act at that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements 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 issued by the Institute of Chartered Accountants of India ("the 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 its 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**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated financial statements 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies which are the companies covered under the Act, has in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company and its subsidiary companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For MSKA & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAADJ6298

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

**Palred Technologies Limited**  
**Consolidated Balance Sheet as at 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

	<u>Notes</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,171,485	5,869,498
Right of Use Asset	4 (a)	17,928,075	-
Intangible assets	5	742,410	1,739,572
<b>Financial assets</b>			
Other financial assets	6	2,875,827	2,455,827
Other non-current assets	7	31,387,066	29,668,928
<b>Total non-current assets</b>		<b>57,104,863</b>	<b>39,733,825</b>
<b>Current assets</b>			
Inventories	8	117,967,147	42,013,133
<b>Financial assets</b>			
Investments	9	2,867,086	1,058,468
Trade receivables	10	55,019,339	14,842,724
Cash and cash equivalents	11	39,642,614	37,185,252
Bank balances other than cash and cash equivalent	12	145,612,209	192,821,604
Other financial assets	13	6,860,809	8,681,919
Other current assets	14	56,730,421	26,373,303
<b>Total current assets</b>		<b>424,699,625</b>	<b>322,976,403</b>
<b>Total assets</b>		<b>481,804,488</b>	<b>362,710,228</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	97,325,660	97,325,660
Other equity	16	172,533,773	217,917,173
<b>Equity attributable to owners</b>		<b>269,859,433</b>	<b>315,242,833</b>
Non Controlling Interest		15,521,825	15,210,029
<b>Total Equity</b>		<b>285,381,258</b>	<b>330,452,862</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Other financial liabilities	17	2,000,000	5,100,414
Provisions	18	2,996,731	1,712,848
<b>Total non-current liabilities</b>		<b>4,996,731</b>	<b>6,813,262</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19	120,941,732	-
Trade payables			
i)total outstanding dues of micro enterprises and small enterprises			
ii)total outstanding dues of creditors other than micro enterprise and small enterprise	20	27,455,516	6,176,572
Lease liability	4 (b)	19,338,877	-
Other financial liabilities	17	21,146,239	17,485,470
Other current liabilities	21	2,212,789	1,762,831
Provisions	18	331,346	19,231
<b>Total current liabilities</b>		<b>191,426,499</b>	<b>25,444,104</b>
<b>Total liabilities</b>		<b>196,423,230</b>	<b>32,257,366</b>
<b>Total equity and liabilities</b>		<b>481,804,488</b>	<b>362,710,228</b>

See accompanying notes to the financial statements 1-40

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.:105047W

For and on behalf of the Board of Directors

**Palred Technologies Limited**

CIN: L72200TG1999PLC033131

**Amit Kumar Agarwal**

Partner

Membership No: 214198

**Palem Srikanth Reddy**

Managing Director

DIN:00025889

**S. Vijaya Saradhi**

Director

DIN: 03089889

Place: Hyderabad

Date: 25 June 2020

**Pinekalapati Harish Naidu**

Chief Finance Officer

**Shruti Rege**

Company Secretary

Membership No: A43523

**Palred Technologies Limited**  
**Consolidated Statement of Profit and Loss for the year ended 31st March 2020**  
(All amounts in Rupees, unless otherwise stated)

	Notes	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>Income</b>			
Revenue from operations	22	455,587,829	339,353,351
Other income	23	15,638,291	18,128,782
<b>Total income</b>		<b>471,226,120</b>	<b>357,482,133</b>
<b>Expenses</b>			
Purchase of stock-in-trade		371,635,905	144,359,697
Changes in inventories of stock-in-trade	24	(77,546,161)	14,373,272
Employee benefits expense	25	58,283,676	72,962,956
Finance costs	26	9,434,528	889,325
Depreciation and amortization expense	27	7,565,980	7,016,019
Other expenses	28	147,922,435	208,741,473
<b>Total expenses</b>		<b>517,296,364</b>	<b>448,342,742</b>
<b>Loss before exceptional items</b>		<b>(46,070,244)</b>	<b>(90,860,609)</b>
Exceptional items	29	-	(21,620,434)
<b>Loss for the period</b>		<b>(46,070,244)</b>	<b>(112,481,043)</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,209,783)	1,666,392
		<b>(1,209,783)</b>	<b>1,666,392</b>
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of net defined benefit liability		(896,633)	404,563
		<b>(896,633)</b>	<b>404,563</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(2,106,416)</b>	<b>2,070,955</b>
<b>Total comprehensive loss for the year</b>		<b>(48,176,660)</b>	<b>(110,410,088)</b>
<b>Attributable to:</b>			
Owners of PTL		(46,561,352)	(103,033,450)
Non-controlling interests		491,109	(9,447,593)
<b>Profit is attributable to:</b>			
Owners of PTL		(48,667,769)	(101,107,485)
Non-controlling interests		491,109	(9,302,603)
<b>Other comprehensive income is attributable to:</b>			
Owners of PTL		(2,106,418)	1,925,965
Non-controlling interests		-	144,990
<b>Earnings per equity share</b>			
Basic & Diluted earnings per equity share	30	(4.78)	(10.59)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		9,732,566	9,732,566
Nominal value per equity share		10.00	10.00

See accompanying notes to the financial statements 1-40

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

Place: Hyderabad  
Date: 25 June 2020

For and on behalf of the Board of Directors

**Palred Technologies Limited**  
CIN: L72200TG1999PLC033131

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523

Paired Technologies Limited

Consolidated statement of changes in equity for the year ended 31 March 2020  
(All amounts in Rupees, unless otherwise stated)

	31 March 2020		31 March 2019		At At	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
(A) Equity share capital						
Equity shares of Rs. 10 each issued, subscribed and fully paid						
Opening	87,32,546	8,73,25,660	87,32,546	8,73,25,660		
Add issue during the year	-	-	-	-		
Closing	87,32,546	8,73,25,660	87,32,546	8,73,25,660		

(B) Other equity

	Reserves and surplus		Other Comprehensive Income		Total attributable to owners of parent	Non controlling interests	Total
	Capital Reserve	Security premium	General reserve	Retained earnings			
Balance as at April 1, 2018	1,40,86,000	67,30,30,693	13,25,34,353	(48,82,77,111)	(76,394)	2,01,236	31,96,81,888
Issue of equity shares	-	-	-	11,10,86,577	-	-	(1,10,86,577)
Acquisition of additional interest in subsidiary	-	-	-	2,89,400	-	-	2,89,400
Contribution to Non-controlling interests (NCI)	-	-	-	1,51,837	-	-	1,51,837
Net Loss for the year	-	-	-	(10,30,33,454)	-	-	(10,30,33,454)
Other comprehensive income (OCI)	-	-	-	-	19,86,392	-	19,86,392
Balance as at March 31, 2019	1,40,86,000	67,30,30,693	13,25,34,353	(60,49,66,878)	15,89,916	4,80,889	31,79,17,173
Issue of equity shares	-	-	-	-	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-
Contribution to Non-controlling interests (NCI)	-	-	-	46,11,871	-	-	46,11,871
Net Loss for the year	-	-	-	(4,83,61,352)	-	-	(4,83,61,352)
Other comprehensive income (OCI)	-	-	-	-	(13,09,783)	(8,16,413)	(21,26,196)
Other adjustments	-	-	-	(7,27,801)	-	-	(7,27,801)
Balance as at March 31, 2020	1,40,86,000	67,30,30,693	13,25,34,353	(64,62,45,462)	3,80,113	(4,26,824)	17,25,33,773

See accompanying notes to the consolidated financial statements

1-40

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date  
For M&A & Associates  
Chartered Accountants  
Firm Registration No.:105947W

CIN: L72200TG1999PLC03131

Forward on behalf of the Board of Directors of  
Paired Technologies Limited

Amrith Kumar Agarwal  
Partner  
Membership No. 214196

Priyam Ananth Reddy  
Director  
CIN:03003588

S. Pragna Sarathi

Place: Hyderabad  
Date: 25 June 2020

Place: Hyderabad  
Date: 25 June 2020

Prakashapathi Harish Naidu  
Chief Finance Officer

Srinu Reddy  
Company Secretary  
Membership No. A0323

Place: Hyderabad  
Date: 25 June 2020

Place: Hyderabad  
Date: 25 June 2020

**Palred Technologies Limited**  
**Consolidated statement of cash flows for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

Notes	For the Year end 31 March 2020	For the Year end 31 March 2019
<b>Cash flow from operating activities</b>		
Loss before tax	(46,070,244)	(112,481,043)
Adjustments for:		
Depreciation and amortization expenses	7,565,980	7,016,019
Dividend on Mutual Fund	(450,346)	(1,258,312)
Finance cost	9,434,528	889,325
Interest income	(10,905,478)	(16,201,495)
Impairment loss	-	21,620,434
Unrealised Forex Gain, net	(1,193,763)	(1,167,327)
Balances written off	-	114,610
(Gain)/ loss on sale of fixed assets	85,467	362,386
	<b>(41,533,857)</b>	<b>(101,105,403)</b>
<b>Operating loss before working capital changes</b>		
<b>Changes in working capital</b>		
(Decrease)/ increase in trade payables	21,278,207	(23,523,700)
(Decrease)/ increase in inventories	(75,954,014)	15,563,102
(Decrease)/ increase in trade receivables	(40,176,615)	(14,842,724)
(Decrease)/ increase in other current liabilities	(3,100,414)	(22,417,227)
(Decrease)/ increase in non-current liabilities	20,075,987	(2,350,785)
(Decrease)/ increase in provisions	1,595,998	2,447,351
(Increase)/ decrease in other financial liabilities	-	934,000
Decrease/ (increase) in other financial assets	1,821,110	19,532,608
Decrease/ (increase) in other current assets	(27,596,696)	(8,318,358)
	<b>(143,590,293)</b>	<b>(134,081,136)</b>
<b>Cash generated used in operations</b>		
Taxes paid	(3,092,124)	(4,184,589)
	<b>(146,682,417)</b>	<b>(138,265,725)</b>
<b>Net cash flows used in operating activities (A)</b>		
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(18,443,557)	(1,681,534)
Net proceeds from mutual funds	(420,000)	74,266,068
Dividend income from mutual funds	450,346	1,258,312
Proceeds from sale/ disposal of fixed assets	55,000	288,654
Net proceeds from fixed deposits	47,209,395	58,323,339
Interest received	7,587,628	14,602,143
	<b>36,438,812</b>	<b>147,056,982</b>
<b>Net cash flow from investing activities (B)</b>		
<b>Cash flow from Financing activities</b>		
Proceeds from issuance of equity share capital	-	681,500
Proceeds from short-term borrowings	120,941,732	(3,372,923)
Interest paid	(9,434,528)	(889,325)
	<b>111,507,204</b>	<b>(3,580,748)</b>
<b>Net cash flow from financing activities (C)</b>		
<b>Net increase in cash and cash equivalents (A+B+C)</b>		
Cash and cash equivalents at the beginning of the year	37,185,252	30,807,416
Effect on exchange rates	1,193,763	1,167,327
	<b>39,642,614</b>	<b>37,185,252</b>
<b>Cash and cash equivalents comprise</b>		
Balances with banks		
On current accounts	39,438,124	37,072,566
Cash on hand	204,490	112,686
	<b>39,642,614</b>	<b>37,185,252</b>
<b>Total cash and bank balances at end of the year</b>		

See accompanying notes to the financial statements 1-40  
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

For and on behalf of the Board of Directors  
**Palred Technologies Limited**  
CIN: L72200TG1999PLC033131

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

Place: Hyderabad  
Date: 25 June 2020

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amount in Rupees, unless otherwise stated)

### 1 Corporate Information

The Consolidated financial statements of “Palred Technologies Limited” (“the Company” or “Parent Company”) and its subsidiaries (Collectively referred to as “Group”) are for the year ended 31 March 2020. The Company is a public company incorporated and domiciled in India and incorporated in accordance with the provisions of the erstwhile Companies Act, 1956. The Company’s registered office is at 8-2-703/2/B/, Plot No: 2, Road No. 12, Banjara Hills, Hyderabad, Telangana-500 034. Its shares are listed on two recognised stock exchanges of India, the National Stock Exchange of India Limited and BSE Limited. The Group is primarily engaged into trading in mobiles, electronic products, fashion accessories and providing related services. The Board of Directors approved the consolidated financial statements for the year ended 31 March 2020 and authorised for issue on 25 June 2020.

### 2 Basis of preparation

#### *Compliance with Ind AS*

The consolidated financial statements of the Company along with its subsidiaries (together referred to as “Group”) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended, issued by the Ministry of Corporate Affairs (“MCA”).

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant IND AS that are effective at the Company’s annual reporting date 31 March 2020.

The consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items in the Balance sheet: i) Certain financial assets and liabilities measured either at fair value; and ii) Net defined assets/ (Liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

#### **Basis of consolidation**

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

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

Generally, there is a presumption that a majority of voting rights results 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 has power over an investee, including:

- i. The contractual agreement with the other voting holders of the investee
- ii. Rights arising from other contractual agreements.
- iii. The Group’s voting rights and potential voting rights.
- iv. 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 2020. 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:**

- i. 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.
- ii. 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.
- iii. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

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

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

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

Name of the Company	Country	Relationshi	Percentage holding/ interest %	
			As at 31 March 2020	As at 31 March 2019
Palred Electronics Private Limited ('PEP') (formerly known as Palred Online Technologies Private Limited)	India	Subsidiary	78.17%	77.95%
Palred Retails Private Limited (PRP)	India	Subsidiary	97.81%	96.77%
Palred Technology Services Private Limited ('PTS')	India	Subsidiary	100.00%	100.00%
Palred Technology Services Inc. ('PTS Inc.')	USA	Subsidiary of PTS	100.00%	100.00%
Palred Online Technologies Limited ('POT')	Hong Kong	Subsidiary of PEP	100.00%	100.00%
Palred Technology Shenzhen Company Ltd	China	Subsidiary of POT	100.00%	100.00%
Palred Online Bilism Teknolojileri Ticaret Anonim Sirketi	Turkey	Subsidiary of PEP	100.00%	100.00%

**(i) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with Ind AS requires the Management to make judgements, estimate and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amount of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and in any future periods effected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- i. Note (c ) and (d) — Useful lives of property, plant and equipment and other intangible assets;
- ii. Note (e) — Impairment;
- iii. Note (h) — Financial instruments;
- iv. Note (l) — Employee benefits;
- v. Note (o) — Provisions, contingent liabilities and contingent assets; and
- vi. Note (n) — Income taxes

**(ii) Summary of significant accounting policies**

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below.

**a. Functional Currency**

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Group. All financial information presented in Indian rupees has been rounded to the nearest Rupee, unless otherwise stated.

**b. Current and non-current classification**

All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Division II- Ind AS Schedule III to the Act. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

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

A liability is classified as current when:

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

Current assets/ liabilities include the current portion of non-Current assets/liabilities respectively. All other assets/ liabilities including deferred tax assets and liabilities are classified as non-current.

### c. Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when 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. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (Major components) of PPE.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances. Capital Work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on pro-rata basis on straight line method using the useful lives of the assets estimated by management. The useful life is as follows:

Asset	Useful life (in years)
Leasehold improvement*	Lease period
Plant & Machinery	10 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers:- Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

Depreciation on additions/ disposals is provided on pro-rata basis i.e. from/ up to the date on which asset is ready for use/ disposed-off.

The useful lives are based on historical experience with similar assets as well as anticipation of future events. The residual values are not more than 5% of the original cost of the assets. The residual values, useful lives and method of depreciation are reviewed at each financial year- end and adjusted retrospectively, if appropriate.

### d. Intangible assets

Other intangible assets are stated at cost of acquisition less accumulated amortization and impairment. These are derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The other intangible assets comprise of computer software expenditure and are amortized over a period of three years. The amortization period and the amortization method for an intangible asset is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

## e. Impairment

### *Impairment of non-financial assets*

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

### *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 on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

## f. Leases:

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

### **Group as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- i. Fixed payments, including in-substance fixed payments;
- ii. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. Amounts expected to be payable under a residual value guarantee; and
- iv. The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **Comparative Information under Ind AS 17**

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Group. All other leases are classified as operating leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Land under perpetual lease for is accounted as finance lease which is recognised at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognised as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Operating lease payments for land are recognised as prepayments and amortised on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **g. 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.

## h. Financial Instruments

### *Initial Recognition and measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### *Classification and subsequent measurement*

#### **Financial Assets**

On initial recognition, a financial asset is classified as measured at

- i. amortised cost;
- ii. fair value through other comprehensive income (“FVTOCI”) – debt investment;
- iii. FVTOCI – equity investment; or
- iv. FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

#### *Amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- i. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such 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 Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

#### *FVTOCI – debt investment*

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- i. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### *Equity investment*

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by- investment basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss are

within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

#### *FVTPL*

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

#### *De-recognition*

#### **Financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

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 de-recognition 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 or 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.

#### *Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the Group's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### *Cash and cash equivalents*

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Dividend distribution to equity holders of the Company*

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

#### **i. Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which

carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

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.

#### **j. Investments in the nature of equity in subsidiaries**

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

The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company controls an investee when it 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. Thus, the Company controls an investee if and only if it has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee and
- (c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with Ind AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **k. Revenue recognition**

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

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

##### *Other income - Interest income*

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

##### *Other income - Dividend income*

Dividend income is recognised when the Company's right to receive the payment is established, which is generally, when shareholders approve the dividend.

#### **l. Retirement and other employee benefits**

##### *Defined contribution plan*

The Group's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

##### *Defined benefit plan*

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.



### *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.

### **m. Borrowing Cost**

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 qualifying assets are capitalised as a part of the cost of such assets are ready for their intended use. Other borrowing costs are charged to the statements of profit and loss.

### **n. Taxes**

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding 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.

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

As at 31 March 2020 and 31 March 2019, the Group has deferred tax asset on account of unabsorbed business loss, unabsorbed tax depreciation and other items, which have not been recognized on the grounds of prudence. Consequently, there is no deferred tax asset or liability recorded in the consolidated financial statements as at reporting periods presented. Further, as at 31 March 2020 and 31 March 2019, the Group has MAT credit of Rs. 9,17,53,770, carried forwarded under the Income-tax laws, not recognised in books due to lack of reasonably certainty.

### **o. Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- i. Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- ii. 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. However, when realization of income is virtually certain, related asset is recognized.

**p. Cash flow statement**

The Cash flow statement is prepared as per the Indirect Method. Cash flow statement 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.

**q. Exceptional Items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, impairment losses/write down in value of investment in subsidiaries, significant disposal of fixed assets etc.

**r. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.

**s. 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.

**t. Standards, not yet effective and have not been adopted early by the Company**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020. There are no standards that are issued but not yet effective on 31 March 2020.

**Palred Technologies Limited**  
**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020**  
(All amounts in Rupees, unless otherwise stated)

	Leasehold Improvement	Vehicles	Furniture and Fixtures	Office Equipment	Computers	Electrical Installation	Total
<b>3. Property, plant and equipment</b>							
<b>Gross carrying value (at deemed cost)</b>							
As at 1 April 2018	1,893,242	89,725	9,762,277	2,175,844	7,364,399	1,058,953	22,344,440
Addition	-	-	261,692	171,388	708,679	35,210	1,176,969
Disposals/retirement	140,280	-	363,004	103,553	117,373	308,497	1,032,707
Balance as at 31 March 2019	1,752,962	89,725	9,660,965	2,243,679	7,955,705	785,666	22,488,702
Addition	-	-	27,500	230,166	204,500	55,857	518,023
Disposals/retirement	-	-	-	-	-	316,600	316,600
<b>Balance as at 31 March 2020</b>	<b>1,752,962</b>	<b>89,725</b>	<b>9,688,465</b>	<b>2,473,845</b>	<b>8,160,205</b>	<b>524,923</b>	<b>22,690,125</b>
<b>Accumulated depreciation</b>							
Upto 1 April 2018	1,360,421	40,497	4,287,474	1,283,253	4,656,739	274,810	11,903,194
Charge for the year	425,577	35,386	1,600,833	462,793	2,246,169	326,919	5,097,677
Adjustments for disposals/retirement	61,640	-	88,273	41,414	60,500	129,840	381,667
Balance as at 31 March 2019	1,724,358	75,883	5,800,034	1,704,632	6,842,408	471,889	16,619,204
Charge for the year	22,883	3,583	997,112	300,615	678,832	72,544	2,075,569
Adjustments for disposals/retirement	-	-	-	-	-	176,133	176,133
<b>Balance as at 31 March 2020</b>	<b>1,747,241</b>	<b>79,466</b>	<b>6,797,146</b>	<b>2,005,247</b>	<b>7,521,240</b>	<b>368,300</b>	<b>18,518,640</b>
<b>Net carrying value as at 31 March 2019</b>	<b>28,604</b>	<b>13,842</b>	<b>3,860,931</b>	<b>539,047</b>	<b>1,113,297</b>	<b>313,777</b>	<b>5,869,498</b>
<b>Net carrying value as at 31 March 2020</b>	<b>5,721</b>	<b>10,259</b>	<b>2,891,319</b>	<b>468,598</b>	<b>638,965</b>	<b>156,623</b>	<b>4,171,485</b>
<b>5. Intangible assets</b>							
	<b>Computer Software</b>	<b>Goodwill</b>	<b>Total</b>				
<b>Gross carrying value (at deemed cost)</b>							
As at 1 April 2018	6,858,261	22,888,215	29,746,476				
Additions	73,332	-	73,332				
Balance as at 31 March 2019	6,931,593	22,888,215	29,819,808				
Additions	239,595	-	239,595				
<b>Balance as at 31 March 2020</b>	<b>7,171,188</b>	<b>22,888,215</b>	<b>30,059,403</b>				
<b>Accumulated amortization</b>							
Upto 1 April 2018	3,273,679	1,267,781	4,541,460				
Charge for the year	1,918,342	-	1,918,342				
Impairment of goodwill	-	21,620,434	21,620,434				
Balance as at 31 March 2019	5,192,021	22,888,215	28,080,236				
Charge for the year	1,236,757	-	1,236,757				
<b>Balance as at 31 March 2020</b>	<b>6,428,778</b>	<b>22,888,215</b>	<b>29,316,993</b>				
<b>Net carrying value as at 31 March 2019</b>	<b>1,739,572</b>	<b>-</b>	<b>1,739,572</b>				
<b>Net carrying value as at 31 March 2020</b>	<b>742,410</b>	<b>-</b>	<b>742,410</b>				

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020**  
(All amount in Rupees, unless otherwise stated)

**4 (a) Right of Use Asset as at 31 March 2020**

Particulars	Category of ROU Asset Buildings	Total
Balance as at 1 April 2019	-	-
Additions	22,181,728	22,181,728
Deletions	-	-
Depreciation	4,253,653	4,253,653
<b>Balance as at 31 March 2020</b>	<b>17,928,075</b>	<b>17,928,075</b>

The aggregate depreciation expenses on ROU Assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

**4 (b) Lease liabilities as at 31 March 2020**

Particulars	As at 31 March 2020
i) Non-Current	15,803,233
ii) Current	3,535,644
<b>Total</b>	<b>19,338,877</b>

The movement in lease liabilities during the year ended 31 March 2020 is as follows:

Particulars	Amount Rs.
<b>Balance as at 1 April 2019</b>	-
Additions	22,181,728
Finance cost accrued during the year	1,635,706
Deletions	-
Payment of lease liabilities	4,478,557
<b>Balance as at 31 March 2020</b>	<b>19,338,877</b>

The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis as follows:

Particulars	Amount Rs.
Less than one year	3,535,644
One year to three years	4,931,827
More than three years	10,871,407
<b>Total</b>	<b>19,338,877</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020**  
All amount in Rupees, unless otherwise stated)

	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
<b>6 Other financial assets</b>				
<b>Security deposits</b>				
Unsecured considered good Related parties	1,200,000	1,200,000		
Others	1,675,827	1,255,827		
	<u>2,875,827</u>	<u>2,455,827</u>		
<b>7 Other non-current assets</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Advance tax (net of provision)	25,667,413	26,013,162		
Balances with government authorities	5,719,653	3,655,766		
<b>Total other non-current other assets</b>	<u>31,387,066</u>	<u>29,668,928</u>		
<b>8 Inventories</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Stock-in-trade (at lower of cost or net realizable value)	116,190,474	40,696,038		
Packing materials (at cost)	1,776,673	1,317,095		
	<u>117,967,147</u>	<u>42,013,133</u>		
<b>9 Investments</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
<b>Current:</b>				
<b>Investments carried at fair value through profit or loss ("FVTPL")</b>				
Investments in mutual funds, non-trade, unquoted				
Nil (March 2019: 865) units kotak floater Short term- Direct plan- DD	-	1,058,468		
2834.153 units (31 March 2019: Nil) of Kotak Arbitrage Fund -				
Monthly Dividend Reinvestment plan	2,867,086	-		
	<u>2,867,086</u>	<u>1,058,468</u>		
<b>10 Trade receivable</b>				
	<u>Non-Current</u>	<u>Current</u>		
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
Unsecured				
-Considered good	-	-	55,019,339	14,842,724
	-	-	<u>55,019,339</u>	<u>14,842,724</u>
<b>Further classified as:</b>				
Receivable from others	-	-	55,019,339	-
	-	-	<u>55,019,339</u>	<u>14,842,724</u>
<b>11 Cash and cash equivalents</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Balances with banks:				
On current accounts	39,438,124	37,072,566		
Cash on hand	204,490	112,686		
	<u>39,642,614</u>	<u>37,185,252</u>		
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.				
<b>For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:</b>				
<b>Cash and cash equivalents</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Balances with banks:				
On current accounts	39,438,124	37,072,566		
Cash on hand	204,490	112,686		
	<u>39,642,614</u>	<u>37,185,252</u>		
<b>12 Bank balances other than Cash and cash equivalent</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Balance in unpaid dividend account	3,403,237	1,840,195		
Balance in unpaid capital reduction account	1,359,835	800,802		
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	140,849,137	190,180,607		
	<u>145,612,209</u>	<u>192,821,604</u>		
<b>13 Other financial assets</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Interest accrued on fixed deposits	4,822,513	1,599,352		
Accrued Income	1,521,769	6,646,075		
Others	516,527	436,492		
	<u>6,860,809</u>	<u>8,681,919</u>		
<b>14 Other current assets</b>				
	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>		
Advance recoverable in kind	24,626,948	9,095,619		
Balance with Government Authorities	-	15,604,649		
Others	29,771,712	459,094		
Prepaid expenses	2,331,761	1,213,941		
<b>Total</b>	<u>56,730,421</u>	<u>26,373,303</u>		

**15 Share capital**  
**Equity shares**

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorized</b>				
Equity shares of Rs. 10 each	28,038,800	280,388,000	28,038,800	280,388,000
14% Preference Shares of Rs.100 each	696,120	69,612,000	696,120	69,612,000
<b>Issued, subscribed and paid up</b>				
Equity shares of Rs.10 each fully paid	9,732,566	97,325,660	9,732,566	97,325,660
<b>Total</b>	<b>9,732,566</b>	<b>97,325,660</b>	<b>9,732,566</b>	<b>97,325,660</b>

**(a) Reconciliation of number of shares outstanding**

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	9,732,566	97,325,660	9,732,566	97,325,660
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>9,732,566</b>	<b>97,325,660</b>	<b>9,732,566</b>	<b>97,325,660</b>

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will 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 shareholders.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>				
Stuthi Reddy	1,000,000	10.27%	1,000,000	10.27%
Supriya Reddy Palem	1,000,000	10.27%	1,000,000	10.27%
Sanhita Reddy	1,000,000	10.27%	1,000,000	10.27%
Passage to India Master Fund Limited	701,586	7.21%	701,586	7.21%
Ashish Dhawan	678,189	6.97%	678,189	6.97%
Palem Srikanth Reddy	602,261	6.19%	602,261	6.19%

**(d)** No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

**(e) 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 4,00,000 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.

**(f) 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 Rs. 16.50 at a premium of Rs. 11.50 per share and cancelled extinguished 60% of the equity shares of the Company of face value of Rs. 5 each in July 2015. After reduction, the issued, subscribed and paid-up equity share capital of Rs. 19,51,84,850 consisting of Rs. 3,90,36,970 equity shares of Rs. 5 each fully paid-up was reduced to Rs. 7,80,73,940 consisting of Rs. 1,56,14,788 equity shares of Rs. 5 each.

	Number of shares
Aggregate number of capital reduction of equity shares	<b>1 April 2015 to 31 March 2020</b> 23,422,182

16 Other equity	As at 31 March 2020	As at 31 March 2019
<b>Reserves and surplus</b>		
Capital Reserve	14,280,000	14,280,000
Securities premium	672,030,093	672,030,093
General reserve	132,524,353	132,524,353
Retained earnings	(646,245,062)	(602,968,078)
<b>Total reserves and surplus</b>	<b>172,589,384</b>	<b>215,866,368</b>
<b>Other Comprehensive Income</b>		
Remeasurement of defined benefit plan	(435,824)	460,809
Foreign Currency translation reserve	380,213	1,589,996
<b>Total other comprehensive income</b>	<b>(55,611)</b>	<b>2,050,805</b>
<b>Total Other equity</b>	<b>172,533,773</b>	<b>217,917,173</b>

**Nature and Purpose of reserve:**
**i. Capital Reserve**

The reserve represents creation of capital reserve pursuant to the scheme of amalgamation. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

**ii. Securities Premium Account**

The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

**iii. General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**iv. Remeasurement of defined benefit plan**

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit plan 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.

**v. Foreign currency translation reserve**

Exchange differences on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve with in equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

17 Other financial liabilities	As at 31 March 2020	As at 31 March 2019
<b>(a) Non-current</b>		
Dealer Deposits	2,000,000	5,100,414
	<b>2,000,000</b>	<b>5,100,414</b>
<b>(b) Current</b>		
Liability For Expenses	4,182,153	6,476,647
Payable towards customer refunds	-	1,317,135
Unpaid dividends	3,403,237	1,840,195
Unclaimed capital reduction	1,359,835	800,802
Other Payables	12,201,014	7,050,691
	<b>21,146,239</b>	<b>17,485,470</b>
<b>18 Provisions</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Non-current</b>		
Gratuity (refer note (a))	2,996,731	1,712,848
	<b>2,996,731</b>	<b>1,712,848</b>
<b>Current</b>		
Gratuity (refer note (a))	331,346	19,231
	<b>331,346</b>	<b>19,231</b>

**(a) Gratuity**

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 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 below.

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>i. Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	1,731,880	1,355,683
Service cost	444,473	705,890
Interest cost	118,401	147,469
Actuarial (gain) / loss	896,633	(361,210)
Settlements	136,690	(115,753)
Benefits paid		
<b>Projected benefit obligation at the end of the year</b>	<b>3,328,077</b>	<b>1,732,079</b>
<b>ii. Expense recognized in the statement of profit and loss</b>		
Service cost	444,473	705,890
Expected returns on plan assets	118,401	147,469
Net gratuity costs	<b>562,874</b>	<b>853,359</b>
<b>iii. Expense recognized in OCI</b>		
Recognized net actuarial (gain)/ loss	(896,633)	404,563
<b>iv. Key actuarial assumptions</b>		
Financial assumptions		
Discount rate	6.04%	7.59%
Expected return on plan assets		
Withdrawal Rate		
Salary escalation rate	7.00%	7.00%
Demographic assumptions		
	For Service 4 years and below	5%
	For Service 4 years and below	5%
	For Service 5 years and above	2%
	For Service 5 years and above	2%
Mortality rate as per Indian Assured Lives Mortality 2012-14 table		
<b>v. Sensitivity Analysis</b>		
Projected defined benefit obligation		
Delta effect of +1% change in discount rate	(379,163)	(222,444)
Delta effect of -1% change in discount rate	458,356	272,453
Delta effect of -1% change in discount rate	404,649	271,267
Delta effect of -1% change in salary escalation rate	(380,431)	(225,428)
<b>vi. Maturity analysis of projected benefit obligation</b>		
1 year	55,424	28,740
2 to 5 years	414,633	331,105
6 to 10 years	5,712,257	5,445,532
More than 10 years		

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and salary escalation rate. The calculation of the net defined benefit liability is sensitive to these assumptions. Sensitivity to these factors is disclosed above.



	As at 31 March 2020	As at 31 March 2019
<b>19 Borrowings</b>		
<b>Current</b>		
<b>Secured, loans repayable on demand from banks</b>		
Bank Over draft	120,941,732	-
	<b>120,941,732</b>	<b>-</b>

**Note:**

- i. Loan repayable on demand from banks is in the nature of bank over draft, secured by way of fixed deposits amounting to Rs. 14 Crores and carries 1.5% over and above the pledged fixed deposits interest rates per annum.

	Amounts
ii. <b>Net debt reconciliation</b>	
<b>Net debt as at 1 April 2018</b>	3,372,923
Cash flows, net	(3,372,923)
Interest expense	889,325
Interest paid	(889,325)
<b>Net debt as at 31 March 2019</b>	-
Cash flows, net	120,941,732
Interest expense	5,537,736
Interest paid	(5,537,736)
<b>Net debt as at 31 March 2020</b>	<b>120,941,732</b>

	As at 31 March 2020	As at 31 March 2019
<b>20 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises		
Total outstanding dues of creditors other than micro enterprises and small enterprises	27,455,516	6,176,572
	<b>27,455,516</b>	<b>6,176,572</b>

**Note:**

1. Refer note 33 for the Company's liquidity risk management process
2. The Micro and Small Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Details of dues to such parties are given below:

	31 March 2020	31 March 2019
The principal amount remaining unpaid as at the end of the year	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
Amount of interest paid by the Company in terms of Section 16, of (MSMED Act 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006)	-	-

The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act 2006)

	As at 31 March 2020	As at 31 March 2019
<b>21 Other current liabilities</b>		
Statutory dues payable	2,212,789	1,762,831
<b>Total other current liabilities</b>	<b>2,212,789</b>	<b>1,762,831</b>



	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>22 Revenue from operations</b>		
Sale of Goods	446,349,063	338,853,351
Sale of Services	9,238,766	500,000
	<b>455,587,829</b>	<b>339,353,351</b>
<b>23 Other income</b>		
Interest income	10,154,392	16,201,495
Dividends From Mutual Funds	450,346	1,258,312
Provision no longer required, written back	2,731,290	-
Miscellaneous income	2,302,263	668,975
	<b>15,638,291</b>	<b>18,128,782</b>
<b>24 Changes in inventories of stock-in-trade</b>		
Inventory at the beginning of the year	40,077,689	54,459,994
Inventory at the end of the year	(117,623,850)	(40,077,689)
Foreign currency translation adjustment	-	(9,033)
	<b>(77,546,161)</b>	<b>14,373,272</b>
<b>25 Employee benefits expense</b>		
Salaries, wages, bonus and other allowances	53,697,359	66,388,061
Contribution to Provident Fund and ESI	2,208,922	4,055,795
Gratuity expenses	562,874	853,359
Staff welfare expenses	1,814,521	1,665,741
	<b>58,283,676</b>	<b>72,962,956</b>
<b>26 Finance costs</b>		
Interest on borrowing	5,537,736	889,325
Interest expense	3,896,792	-
	<b>9,434,528</b>	<b>889,325</b>
<b>27 Depreciation and amortization expense</b>		
Depreciation of property, plant and equipment	2,075,570	5,097,677
Depreciation of ROU Assets	4,253,653	-
Amortization of other intangible assets	1,236,757	1,918,342
	<b>7,565,980</b>	<b>7,016,019</b>
<b>28 Other expenses</b>		
Rent	323,819	8,575,536
Rates and taxes	3,937,046	1,568,179
Repairs and maintenance - others	1,833,459	5,037,086
Website Maintenance	398,389	-
Freight charges	191,360	1,561,828
Insurance	106,701	384,547
Office maintenance	7,149,132	6,190,347
Business promotion expenses	70,354,066	52,881,842
Postage and courier	58,744	156,761
Power and fuel	1,485,617	2,083,405
Travelling and conveyance	4,602,121	5,091,263
Delivery charges	11,818,592	53,188,556
Legal and professional charges	5,677,018	5,778,174
Auditor's Remuneration (Refer Note i)	1,900,000	2,590,998
Hosting expenses	1,501,573	5,428,784
Refunds related expenses	-	312,093
Communication expenses	961,575	1,665,725
Packing material	3,754,346	7,295,322
Foreign exchange difference, net	59,978	-
Due from collection agencies written off	-	114,610
Bank charges	753,093	375,063
Printing and stationery	70,825	982,219
Sales commission	21,556,333	43,946,116
Loss on sale of PPE, net	85,467	362,386
Online platform fee	760,000	-
Packing Charges	2,246,130	-
Miscellaneous expenses	6,337,051	3,170,633
	<b>147,922,435</b>	<b>208,741,473</b>

\*Note : The following is the break-up of Auditors remuneration (exclusive of Goods and service tax)

	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>As auditor:</b>		
Statutory audit	1,800,000	2,490,998
<b>In other capacity:</b>		
Other matters	100,000	100,000
Reimbursement of expenses	-	-
	<b>1,900,000</b>	<b>2,590,998</b>
<b>29 Exceptional items</b>		
	<b>31 March 2020</b>	<b>31 March 2019</b>
Impairment Cost	-	<b>(21,620,434)</b>
	-	<b>(21,620,434)</b>

### 30 Earnings/ Loss per share

#### Earnings per equity share (EPES)

Basic earnings /(loss) per share amounts are calculated by dividing the loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computations:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Loss attributable to equity holders	(46,561,352)	(103,033,450)
Weighted average number of equity shares	9,732,566	9,732,566
Basic loss per share (INR)	(4.78)	(10.59)
Diluted loss per share (INR)	(4.78)	(10.59)

### 31 Fair value measurements

#### (i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### (ii) Financial assets and financial liabilities measured at fair value

	<b>31 March 2020</b>		<b>31 March 2019</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial assets</b>				
Current Investments	2,867,086	-	1,058,468	-

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

#### (iii) Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	<b>31 March 2020</b>		<b>31 March 2019</b>	
	<b>FVTPL</b>	<b>Amortised cost</b>	<b>FVTPL</b>	<b>Amortised cost</b>
<b>Financial Assets</b>				
Current Investments	2,867,086	-	1,058,468	-
Trade receivables	-	55,019,339	-	14,842,724
Cash and cash equivalents	-	39,642,614	-	37,185,252
Other Bank balances	-	145,612,209	-	192,821,604
Other financial assets	-	6,860,809	-	8,681,919
<b>Total financial assets</b>	<b>2,867,086</b>	<b>247,134,971</b>	<b>1,058,468</b>	<b>253,531,499</b>

	31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial liabilities</b>				
Borrowings	-	120,941,732	-	-
payables	-	27,455,516	-	6,176,572
lease liability	-	19,338,877	-	-
Other financial liabilities	-	21,146,239	-	17,485,470
<b>Total financial liabilities</b>	-	<b>188,882,364</b>	-	<b>23,662,042</b>

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments carried at amortised cost:

	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Trade receivables	55,019,339	55,019,339	14,842,724	14,842,724
Cash and cash equivalents	39,642,614	39,642,614	37,185,252	37,185,252
Other Bank balances	145,612,209	145,612,209	192,821,604	192,821,604
Other financial assets	6,860,809	6,860,809	8,681,919	8,681,919
<b>financial assets</b>	<b>247,134,971</b>	<b>247,134,971</b>	<b>253,531,499</b>	<b>253,531,499</b>
<b>Financial liabilities</b>				
Borrowings	120,941,732	120,941,732	-	-
Trade payables	27,455,516	27,455,516	6,176,572	6,176,572
lease liability	19,338,877	19,338,877	-	-
Other financial liabilities	21,146,239	21,146,239	17,485,470	17,485,470
<b>Total financial liabilities</b>	<b>188,882,364</b>	<b>188,882,364</b>	<b>23,662,042</b>	<b>23,662,042</b>

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

iv. The Group's principal financial liabilities, comprise other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Group also holds FVTPL investments.

The carrying amounts of trade receivables, and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values.

### 33 Financial instruments risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Group's risk management policies are established to identify and analyse the risks faced by the Group and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for management of these risks:

#### A. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may results 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 Group's exposure to market risk is a function of investing activities.

**Interest rate risk:**

Interest rate risk is the risk that 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.

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Fixed rate instruments</b>		
Financial assets	140,849,137	190,180,607
Financial liabilities		

**Commodity rate risk:**

Exposure to market risk with respect to commodity prices primarily arises from Group's purchase and sale 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.

**B. Credit risk**

Credit risk on Cash and cash equivalents is limited as the Group 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 Group's cash equivalents, including term deposits (i.e. certificates of deposits) were past due or impaired as at the reporting periods.

**C. 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 and current investments. The Group 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 Group had following working capital at the end of the reporting year.

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Current Assets	424,699,625	322,976,403
Current liabilities	191,426,499	25,444,104
<b>Working Capital</b>	<b>233,273,126</b>	<b>297,532,299</b>

Except for other non-current financial liabilities, all the contractual maturities of significant financial liabilities are payable on demand or are expected to be paid with in one year from the respective reporting years. Dealer deposits are expected to be settled beyond 1 year from the respective reporting years.

**Foreign Currency Risk**

The Group is exposed to foreign exchange risk arising from foreign currency transactions, mainly in the nature of purchases denominated in foreign currencies and other expenditures like sourcing commission. As a policy, the Group does not hedge any of its exposure to foreign currency

**D. Excessive risk concentration**

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of collection agencies to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables.

**Financial assets that are neither past due or 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 specific time period. None of the Group's cash equivalents, including term deposits (i.e. certificates of deposits) were past due or impaired as at the reporting period.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and region in which the customer operates, also has an influence on credit risk assessment. The group has expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade and other receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit ratings from credit rating agencies and historical experience for customers. During the year, the Group has written off Rs. Nil (31 March 2019: Rs. 1,14610) of dues from collection agencies.

### 34 Capital risk 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 shareholders, 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.

### 35 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
Mr. Pinekalapati Harish Naidu, CFO	Key Management Personnel
Mrs. Shruti Rege, Company Secretary	Key Management Personnel
Ms. Supriya Reddy	Relatives of Key Management Personnel
Ms. Stuthi Reddy	Relatives of Key Management Personnel

#### (b) Transactions with related parties:

		For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. Palem Srikanth Reddy	Remuneration*	3,000,000	3,000,000
Mr. Palem Srikanth Reddy	Reimbursement of expenses	979,262	292,589
Mr. Pinekalapati Harish Naidu	Salaries including bonuses	2,500,000	2,500,000
Mr. Pinekalapati Harish Naidu	Reimbursement of expenses	80,181	-
Mrs. Shruti Rege	Salaries including bonuses	601,000	-
Ms. Supriya Reddy	Rent	-	900,000
Ms. Stuthi Reddy	Rent	-	1,500,000

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

#### (c) Balances receivable/(payables)

	As at 31 March 2020	As at 31 March 2019
Mr. Palem Srikanth Reddy	(38,331)	(40,087)
Ms. Stuthi Reddy	(36,000)	-

### 36. Contingent liabilities and pending litigations

	As at 31 March 2020	As at 31 March 2019
<b>Disputed income tax liabilities</b>		
Claims against company not acknowledged as debt - (income tax)	6,543,580	6,543,580

**Note:**

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

**37 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 location 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.

**38** Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Group has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments and inventories based on the information available to date, both internal and external, while preparing its consolidated financial statements as of and for the year ended 31 March 2020. Based on the assessment done by the management of the Group, there is no significant/material impact of COVID-19 on the consolidated financial statements for the year ended 31 March 2020.

**39** The consolidated financial statements are approved for issue by the Company's Board of Directors on 25 June 2020.

**40** Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

**Amit Kumar Agarwal**  
Partner  
Membership No: 214198

Place: Hyderabad  
Date: 25 June 2020

For and on behalf of the Board of Directors  
**Palred Technologies Limited**  
CIN: L72200TG1999PLC033131

**Palem Srikanth Reddy**  
Managing Director  
DIN:00025889

**S. Vijaya Saradhi**  
Director  
DIN: 03089889

**Pinekalapati Harish Naidu**  
Chief Finance Officer

**Shruti Rege**  
Company Secretary  
Membership No: A43523

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

Particulars	As at 31 March 2020			For the year ended 31 March 2020			For the year ended 31 March 2020		
	Net assets			Share in (profit)/(loss)			Share in other comprehensive income/ (loss)		
	As a % of consolidated assets	Amount	As a % of consolidated profit (loss)	Amount	As a % of consolidated OCI	Amount	As a % of consolidated total comprehensive income/ (loss)	Amount	As a % of consolidated total comprehensive income/ (loss)
Parent	117.84%	31,40,06,533	1.00%	(8,81,614)	9.96%	(2,09,885)	2.23%	(10,93,499)	
<b>Subsidiaries (Indian)</b>									
Paired Electronics Private Limited	42.10%	11,36,17,492	-14.86%	78,51,797	8.42%	(1,34,884)	-15.85%	77,15,613	
Paired Retail Private Limited	-2.72%	(62,86,547)	45.23%	(1,87,25,880)	10.64%	(2,34,465)	38.94%	(1,89,50,325)	
Paired Technology Services Private Limited	5.12%	1,38,35,128	83.88%	(2,37,41,916)	8.74%	(1,42,488)	61.41%	(3,88,88,384)	
<b>Foreign</b>									
Paired Technology Services Inc. (PTS Inc.), USA	4.62%	1,24,02,342	1.03%	(6,94,070)	4.74%	(89,852)	1.22%	(5,94,831)	
Paired Online Mgmt Technologies Team: Anconir Shant, Turkey	0.00%	-	0.00%	-	0.00%	-	0.00%	-	
Paired Online Technologies Limited (POT), Hong Kong	7.87%	2,04,19,229	-6.82%	31,74,842	34.94%	(7,35,973)	-5.01%	24,38,869	
Paired Technology Shenzhen Company Ltd, China	-2.87%	(77,33,496)	15.68%	(72,65,855)	26.40%	(5,57,481)	16.08%	(89,23,467)	
Non Controlling Interests:	-3.75%	(1,55,21,825)	-1.05%	4,91,109	0.00%	-	-3.01%	4,91,109	
<b>Total</b>	<b>138.00%</b>	<b>44,87,35,843</b>	<b>97.93%</b>	<b>(4,55,36,499)</b>	<b>100.00%</b>	<b>(21,06,476)</b>	<b>98.02%</b>	<b>(4,77,82,914)</b>	
Consolidation adjustments	-66.29%	(17,88,76,411)	2.87%	(9,64,853)	-	-	1.98%	(9,64,853)	
<b>Net assets</b>	<b>100.00%</b>	<b>26,98,59,432</b>	<b>100.00%</b>	<b>(4,65,61,352)</b>	<b>100.00%</b>	<b>(21,06,476)</b>	<b>100.00%</b>	<b>(4,86,87,767)</b>	
<b>As at 31 March 2019</b>	<b>For the year ended 31 March 2019</b>			<b>For the year ended 31 March 2019</b>			<b>For the year ended 31 March 2019</b>		
	Net assets			Share in (profit)/(loss)			Share in other comprehensive income/ (loss)		
	As a % of consolidated assets	Amount	As a % of consolidated profit (loss)	Amount	As a % of consolidated OCI	Amount	As a % of consolidated total comprehensive income/ (loss)	Amount	As a % of consolidated total comprehensive income/ (loss)
Parent	96.33%	30,36,56,059	-62.78%	(67,68,24,071)	-2.75%	(52,936)	47.65%	(67,68,24,071)	
<b>Subsidiaries (Indian)</b>									
Paired Electronics Private Limited	10.40%	9,98,96,839	40.25%	(6,45,95,940)	-10.20%	(1,94,374)	44.27%	(6,47,96,314)	
Paired Retail Private Limited	7.48%	2,35,67,056	25.16%	(2,59,28,036)	10.07%	1,91,255	25.45%	(2,57,36,781)	
Paired Technology Services Private Limited	6.28%	34,99,339	13.30%	(1,37,06,767)	23.86%	4,71,618	13.10%	(1,32,41,148)	
<b>Foreign</b>									
Paired Technology Services Inc. (PTS Inc.), USA	3.78%	1,19,26,681	-0.05%	58,025	39.03%	7,51,716	-0.79%	8,01,791	
Paired Online Mgmt Technologies Team: Anconir Shant, Turkey	0.00%	-	0.00%	1,89,825	0.00%	-	-0.19%	1,89,825	
Paired Online Technologies Limited (POT), Hong Kong	3.96%	1,24,83,199	1.61%	(76,61,700)	41.51%	7,91,450	0.85%	(8,62,250)	
Paired Technology Shenzhen Company Ltd, China	6.84%	(1,32,397)	4.80%	(49,46,087)	5.58%	1,15,226	4.28%	(48,30,861)	
Non Controlling Interests:	-4.82%	(1,58,10,029)	-9.17%	84,47,589	-7.51%	(3,44,960)	9.20%	95,02,400	
<b>Total</b>	<b>138.00%</b>	<b>43,48,48,839</b>	<b>541.50%</b>	<b>(55,79,30,054)</b>	<b>100.00%</b>	<b>19,25,363</b>	<b>549.91%</b>	<b>(55,60,04,089)</b>	
Consolidation adjustments	-37.88%	(11,94,06,006)	-61.50%	(45,48,96,604)	0.00%	-	-45.91%	(45,48,96,604)	
<b>Net assets</b>	<b>100.00%</b>	<b>31,54,42,833</b>	<b>100.00%</b>	<b>(10,30,33,450)</b>	<b>100.00%</b>	<b>19,25,363</b>	<b>100.00%</b>	<b>(10,11,07,489)</b>	



