

INDEPENDENT AUDITOR'S REPORT

To the Members of **Palred Electronics Private Limited**

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 profit 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 financial statements section of our report. We are independent of the Company in accordance with the Code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The 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

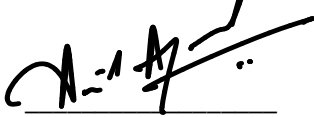
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 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 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 does not have any pending litigation which would impact its financial position;
 - 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 thereunder.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W



Amit Kumar Agarwal

Partner

Membership No. 214198

UDIN: 20214198AAAADK9757

Place: Hyderabad

Date: 25th June, 2020

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS
OF PALRED ELECTRONICS PRIVATE LIMITED**

Auditor's Responsibilities for the Audit of the Financial Statements

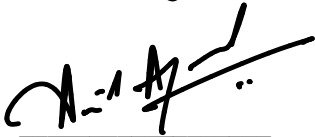
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Amit Kumar Agarwal

Partner

Membership No.214198

UDIN: 20214198AAAADK9757

Place: Hyderabad

Date: 25th June 2020

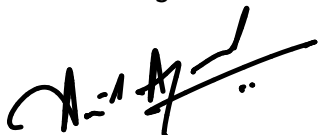
ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PALRED ELECTRONICS PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2020

[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) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- 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 the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- 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, the remuneration paid by the Company to its directors is within the limits prescribed under section 197 of the Act and the rules thereunder.
- 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 such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purpose it was raised. During the year, the Company did not make preferential allotment/ private placement of fully/ partly convertible debenture.
- 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: 20214198AAAADK9757

Place: Hyderabad
Date: 25th June 2020

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PALRED ELECTRONICS PRIVATE 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 financial statements of Palred Electronics Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the 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 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 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 financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to 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 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 financial statements.

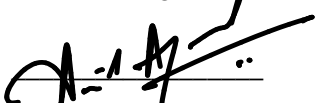
Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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 financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to 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: 20214198AAAADK9757

Place: Hyderabad
Date: 25th June, 2020

Paired Electronics Private Limited
(Formerly known as Paired Online Technologies Private Limited)
Balance Sheet as at 31 March 2020
(All amounts in Rupees, unless otherwise stated)

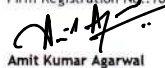
		As at	As at
	Notes	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	812,841	1,069,630
Intangible assets	3(b)	685,033	1,393,680
Right of Use Assets	4 (a)	742,603	-
Financial assets			
Investments	5	16,933,273	13,360,000
Other financial assets	6	1,329,827	1,329,827
Total non-current assets		20,503,577	17,153,137
Current assets			
Inventories	7	67,337,726	28,028,639
Financial assets			
Investments	5	-	1,058,468
Trade receivables	8	66,441,741	27,840,921
Cash and cash equivalents	9	1,684,430	11,863,873
Other financial assets	10	759,645	2,203,460
Other current assets	11	35,610,358	23,234,617
Total current assets		171,833,900	94,229,978
Total assets		192,337,477	111,383,115
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	326,435,740	322,987,470
Other equity	13	(212,823,286)	(227,090,631)
Equity attributable to owners		113,612,454	95,896,839
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	14	2,000,000	5,100,414
Provisions	15	318,685	334,588
Total non-current liabilities		2,318,685	5,435,002
Current liabilities			
Financial liabilities			
Borrowings	16	61,452,544	-
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	17	6,986,020	2,761,732
Lease Liability	4(b)	806,502	-
Other financial liabilities	18	5,965,571	6,757,867
Other current liabilities	19	1,191,521	526,602
Provisions	15	4,180	5,073
Total current liabilities		76,406,338	10,051,274
Total liabilities		78,725,023	15,486,276
Total equity and liabilities		192,337,477	111,383,115

See accompanying notes to the financial statements

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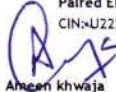
The accompanying notes are an integral part of the financial statements.


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

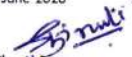
For and on behalf of the Board of Directors
Paired Electronics Private Limited
CIN: UJ22222TG2011PTC073292


Ameen Khwaja
Managing Director
DIN: 00800284


Pinakapati Harish Naidu
Director
DIN: 07010812

Place: Hyderabad
Date: 25 June 2020

Place: Hyderabad
Date: 25 June 2020


Shruti Rege
Company Secretary
Membership No: A43523

Place: Hyderabad
Date: 25 June 2020




Palred Electronics Private Limited
(Formerly known as Palred Online Technologies Private Limited)
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in Rupees, unless otherwise stated)

		For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	20	346,872,751	295,647,203
Other income	21	2,742,722	2,232,193
Total income		<u>349,615,473</u>	<u>297,879,396</u>
Expenses			
Purchase of Stock-in-trade		290,998,997	134,608,073
Changes in inventories of stock-in-trade	22	(38,740,103)	27,038,586
Employee benefits expense	23	11,117,231	24,259,712
Finance costs	24	4,981,232	832,633
Depreciation and amortization expense	25	2,075,404	2,874,110
Other expenses	26	71,330,916	152,826,222
Total expenses		<u>341,763,677</u>	<u>342,439,336</u>
Profit /(Loss) for the period		7,851,796	(44,559,940)
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit Plans		(136,184)	(196,374)
Other comprehensive income/(loss) for the year		<u>(136,184)</u>	<u>(196,374)</u>
Total comprehensive income/ (loss) for the year		<u><u>7,715,612</u></u>	<u><u>(44,756,314)</u></u>
Earnings per equity share			
Basic & Diluted earnings per equity share		0.23	(1.25)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		34,634,161	35,658,471
Nominal value per equity share		10.00	10.00

See accompanying notes to the financial statements 1-34

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 of
Palred Electronics Private Limited
CIN: U22222TG2011PTC073292


Ameen Khwaja
Managing Director
DIN: 00800284

Place: Hyderabad
Date: 25 June 2020


Pinakalapati Harish Naidu
Director
DIN: 07010812

Place: Hyderabad
Date: 25 June 2020


Shruti Rege
Company Secretary
Membership No: A43523

Place: Hyderabad
Date: 25 June 2020



Paired Electronics Private Limited
(Formerly known as Paired Online Technologies Private Limited)
Statement of changes in equity for the year ended 31 March 2020
(All amounts in Rupees, unless otherwise stated)

(A) Equity share capital

	As at		As at	
	No. of shares	Amount	No. of shares	Amount
Changes in equity:				
Opening	34,461,747	322,987,470	33,146,072	309,830,720
Add: Issue during the year	344,827	3,448,270	1,315,675	13,156,750
Closing	34,806,574	326,435,740	34,461,747	322,987,470

(B) Other equity


	Reserves and surplus		Other Comprehensive Income		Total
	Security Premium	* Retained earnings	Remeasurement of defined benefit plans		
Balance as at 1 April 2018	142,757,172	(377,592,751)	276,994		(234,558,585)
Premium on issue	52,224,268				52,224,268
Profit for the year		(44,559,940)			(44,559,940)
Other comprehensive income			(196,374)		(196,374)
Balance as at 31 March 2019	194,981,440	(422,152,691)	80,620		(227,090,631)
Premium on issue	6,551,732				6,551,732
Profit for the year		7,851,796			7,851,796
Other comprehensive income			(136,183)		(136,183)
Balance as at 31 March 2020	201,533,172	(414,300,895)	(55,563)		(212,823,286)

See accompanying notes to the financial statements

1-34

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 of
Paired Electronics Private Limited
CIN: 092222TG2011PTC073292


Ameen Khwaja
Managing Director
DIN: 00800284

Place: Hyderabad
Date: 25 June 2020


Pinakalapati Harish Naidu
Director
DIN: 07010812

Place: Hyderabad
Date: 25 June 2020


Shruti Rege
Company Secretary
Membership No: A43523

Place: Hyderabad
Date: 25 June 2020



Paired Electronics Private Limited
(Formerly known as Paired Online Technologies Private Limited)
Statement of cash flows for the year ended 31 March 2020
(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit / (loss) before tax	7,851,796	(44,559,940)
Adjustments for:		
Dividend income from mutual funds	(11,432)	(402,054)
Interest expense	4,981,232	832,633
Interest income	-	(1,323,287)
Foreign Exchange Difference	(59,978)	
Employee benefit expenses	(219,659)	249,807
Other Income	-	114,610
Investments written off	-	933,890
Depreciation and amortisation expense	2,075,404	2,874,111
Operating profit/ (loss) before working capital changes	14,617,363	(41,280,230)
Changes in working capital		
Decrease / (Increase) in inventories	(39,309,087)	27,090,286
Decrease / (Increase) in Loans	-	(30,000)
Decrease / (Increase) in Financial assets	1,443,815	(8,326,170)
Decrease / (Increase) in Trade receivables	(38,600,819)	
Decrease / (Increase) in Other assets	(12,375,741)	(2,740,370)
(Decrease) / Increase in Trade payables	4,203,632	(30,558,269)
(Decrease) / Increase in Financial liabilities	(3,086,208)	(24,807,206)
(Decrease) / Increase in Provisions	(15,903)	(39,532)
(Decrease) / Increase in Other current liabilities	664,919	(1,803,243)
Cash generated used in operations	(72,458,029)	(82,494,734)
Income Tax	-	(405,157)
Net cash flows (used)/ generated in operating activities (A)	(72,458,029)	(82,899,891)
Cash flow from Investing activities		
Purchase of property, plant and equipment	(1,629,375)	(736,573)
Proceeds from sale of business functions	(3,573,273)	5,000,000
Redemption / (Investment) in term deposits, net		22,503,946
(Investments in) / net proceeds from mutual funds	1,058,468	9,077,084
Dividend income from mutual funds	11,432	402,054
Interest received	-	694,926
Net cash flow from investing activities (B)	(4,132,748)	36,941,437
Cash flow from Financing activities		
Proceeds from issuance of equity shares	10,000,000	60,000,000
(Repayment)/proceeds from current borrowings (net)	61,452,544	(3,372,923)
Interest paid	(4,981,232)	(832,633)
Net cash flow from financing activities (C)	66,471,312	55,794,444



Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(10,119,465)	9,835,990
Cash and cash equivalents at the beginning of the year	11,863,873	2,027,885
Foreign Exchange Gain / (Loss)	(59,978)	
Cash and cash equivalents at the end of the year	<u>1,684,430</u>	<u>11,863,875</u>

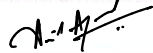
Cash and cash equivalents comprise

Balances with banks		
On current accounts	1,667,987	11,813,692
Cash on hand	16,443	50,181
Total cash and bank balances at end of the year	<u>1,684,430</u>	<u>11,863,875</u>

See accompanying notes to the financial statements 1-34

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

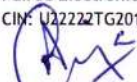
As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W



Amit Kumar Agarwal
Partner
Membership No: 214198

Place: Hyderabad
Date: 25 June 2020

For and on behalf of the Board of Directors of
Palred Electronics Private Limited
CIN: U22222TG2011PTC073292



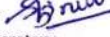
Ameen Khwaja
Managing Director
DIN: 00800284

Place: Hyderabad
Date: 25 June 2020



Pinekalapati Harish Naidu
Director
DIN: 07010812

Place: Hyderabad
Date: 25 June 2020

Shruti Rege 
Company Secretary
Membership No: A43523

Place: Hyderabad
Date: 25 June 2020



Palred Electronics Private Limited
(Formerly known as Palred Online Technologies Private Limited)
Notes forming part of the Financial Statements for the year ended 31 March 2020
(All amounts in Rupees, unless otherwise stated)

1 Corporate Information

Palred Electronics Private Limited (Formerly known as Palred Online Technologies Private Limited) ("the Company") is a private company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is engaged in the business of trading in mobile and computer accessories and other electronic products. The Company has its registered office at H.No. 8-2-703/2/B, Plot No. 2, Road No. 12, Banjara Hills, Hyderabad, Telangana- 500 034.

The Company is subsidiary of Palred Technologies Limited ("Holding Company") Whose equity shares are listed in National Stock Exchange and Bombay Stock Exchange.

2 Basis of preparation of financial statements

Statement of Compliance with Ind AS

These 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 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;
- 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 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

- 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 (k) – Employee benefits;
- v. Note (n) – Provisions, contingent liabilities and contingent assets; and
- vi. Note (m) – Income taxes

(ii) Summary of significant accounting policies

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

a. Functional Currency

The 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 realized or intended to be sold or consumed in normal operating cycle.
- ii. Held primarily for the purpose of trading.
- iii. Expected to be realized 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



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 recognized is derecognized 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 derecognized.

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
Furniture and Fixtures	10 years
Office Equipment	5 years
Electrical Equipment	10 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 derecognized 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 recognized 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 amortization, if no impairment loss had been previously recognized.

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 amortized 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 amortized 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 recognizes 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 amortized 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)

The Company has elected not to recognize 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 recognizes 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 recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized 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 capitalized 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 recognized at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognized as a finance lease obligation. Land under non-perpetual lease is treated as operating lease.

Operating lease payments for land are recognized as prepayments and amortized on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognized 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 realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to complete the sales.

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



h. Financial Instruments

Initial Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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. amortized 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.

Amortized cost

A financial asset is measured at amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognized 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 recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On DE recognition of the asset, cumulative gain or loss previously recognized 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 recognized 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 recognized in the statement of profit or loss.

FVTPL

All financial assets not classified as measured at amortized 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 amortized 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 amortized 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 recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on DE recognition is also recognized in statement of profit or loss.

a. Borrowings:

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest bearing loans and borrowings.



b. Trade and other payables:

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

De-recognition

Financial assets

A financial asset is primarily de-recognized 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-recognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize 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 recognized in statement of profit or loss, since the Company's hedging instruments did not qualify for hedge accounting in accordance with the In-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 recognizes a liability to make dividend distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

i. 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.



j. Investments in the nature of equity in subsidiaries

The Company has elected to recognize its investments in equity instruments in subsidiaries at cost in the separate financial statements in accordance with the option available in In 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 In 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 Company has adopted In 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 In AS 115. The application of In AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements of the Company.

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.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- i. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- ii. The Company's performance creates or enhances an asset that the customer controls as the asset created or enhanced; or
- iii. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment or performance completed to date.

For the performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Sale of goods

Revenue from sale of goods is recognized where control is transferred to Company's customers at the time of shipment to or receipt of goods by the customer.

Revenue from sale of goods includes only the gross inflows of economic benefits, received and receivable by the Company, on its own account. Amount collected on behalf of third parties such as sales tax and value added taxes are excluded from revenue.

Unbilled receivables and Unearned revenue

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned revenue is recognized when there are billings in excess of revenues. The billing schedules agreed with customers could include periodic performance- based payment and/or milestone -based progress payments. Invoices are payable with in contractually agreed credit period. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

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 amortized 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 amortized 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 recognized 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 Company's contributions to defined contribution plans are recognized 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 recognizes 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 recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognized 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. 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 recognized in OCI or directly in equity, in which case it is recognized 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 realize 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 recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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 realized. 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 recognized in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax (MAT) credit is recognized 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.

n. 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.

o. 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.

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.

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.

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.



Paired Electronics Private Limited
(Formerly known as Paired Online Technologies Private Limited)

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

3(a) Property, plant and equipment

	Leasehold Improvement	Furniture and Fixtures	Office Equipment	Computers	Electrical Equipment	Total
Gross carrying value (at deemed cost)						
As at 1 April 2018	543,875	695,961	759,271	2,836,811	186,619	5,022,537
Additions	-	107,937	158,889	140,000	26,000	432,826
Disposals/retirement				773,147		773,147
Balance as at 31 March 2019	543,875	803,898	918,160	2,203,664	212,619	4,682,216
Additions			23,999	120,170		144,169
Disposals/retirement				-		-
Balance as at 31 March 2020	543,875	803,898	942,159	2,323,834	212,619	4,826,385
Accumulated depreciation						
up to 1 April 2018	314,024	242,062	328,733	1,774,496	17,879	2,677,194
Charge for the year	229,851	134,164	247,004	908,170	47,413	1,566,602
Adjustments for disposals/retirement				631,210		631,210
Balance as at 31 March 2019	543,875	376,226	575,737	2,051,456	65,292	3,612,586
Charge for the year	-	110,709	155,985	95,984	38,280	400,958
Adjustments for disposals/retirement				-		-
Balance as at 31 March 2020	543,875	486,935	731,722	2,147,440	103,572	4,013,544
Net carrying value as at 31 March 2019	-	427,672	342,423	152,208	147,327	1,069,630
Net carrying value as at 31 March 2020	-	316,963	210,437	176,394	109,047	812,841



3(b) Intangible Assets

	Computer Software	Total
Gross carrying value (at deemed cost)		
As at 1 April 2018	4,351,234	4,351,234
Additions	51,640	51,640
Disposals/retirement	-	-
Balance as at 31 March 2019	4,402,874	4,402,874
Additions	223,195	223,195
Disposals/retirement	-	-
Balance as at 31 March 2020	4,626,069	4,626,069
Accumulated depreciation		
Up to 1 April 2018	1,701,686	1,701,686
Charge for the year	1,307,508	1,307,508
Adjustments for disposals/retirement	-	-
Balance as at 31 March 2019	3,009,194	3,009,194
Charge for the year	931,842	931,842
Adjustments for disposals/retirement	-	-
Balance as at 31 March 2020	3,941,036	3,941,036
Net carrying value as at 31 March 2019	1,393,680	1,393,680
Net carrying value as at 31 March 2020	685,033	685,033



Palred Electronics Private Limited

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

(Amount in Rupees, unless otherwise stated)

4 (a) Right of Use Asset as at 31 March, 2020

Particulars	Category of ROU Asset	Total
	Buildings	
Balance as at 1 April 2019	-	-
Additions	1,485,207	1,485,207
Deletions	-	-
Depreciation	742,604	742,604
Balance as at 31 March 2020	742,603	742,603

The aggregate depreciation expenses on ROU Assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

(b) Lease liabilities as at 31 March, 2020

Particulars	As at 31st March, 2020
i) Non-Current	-
ii) Current	806,502
Total	806,502

The movement in lease liabilities during the year ended 31 March 2020 is as follows:

Particulars	Amount Rs.
Balance as at 1 April 2019	
Additions	1,485,207
Finance cost accrued during the year	87,965
Deletions	-
Payment of lease liabilities	766,670
Balance as at 31 March 2020	806,502

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	806,502
One year to three years	-
More than three years	-
Total	806,502



Palred Electronics Private Limited

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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

	As at 31 March 2020	As at 31 March 2019
A. Non-Current		
Investments in unquoted equity shares (Fully paid up, unless stated otherwise) In Subsidiaries (Carried at cost)		
i) Palred Online Bilism Teknolojileri Ticaret Anomin Sirketi, Turkey		
Number of shares	100,000	100,000
% of holding	100.00%	100.00%
Gross Carrying Amount	-	933,890
Impairment towards investments	-	933,890
Net Carrying Amount	-	-
ii) Palred Online Technologies Limited, Hong Kong		
Number of shares	1,993,592	1,600,000
Par value of each share	1 HKD	1 HKD
% of holding	100.00%	100.00%
Gross Carrying Amount	16,933,273	13,360,000
Impairment towards investments	-	-
Net Carrying Amount	16,933,273	13,360,000
Total	16,933,273	13,360,000
B. Current		
Investment in un-quoted mutual funds (carried at fair value) Nil (31 March 2019: 865) units Kotak Floater Short Term - Direct Plan-DD	-	1,058,468
Total	-	1,058,468
Note:		
Aggregate book value of unquoted investments-Current	-	1,058,468
Aggregate book value of unquoted investments- Non-current	16,933,273	13,360,000
Aggregate amount of impairment of value in investment	-	933,890



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

	As at 31 March 2020	As at 31 March 2019
6 Other financial assets		
Security deposits	1,329,827	1,329,827
Unsecured considered good	1,329,827	1,329,827

7 Inventories

	As at 31 March 2020	As at 31 March 2019
Raw material in stock (At cost)	66,725,242	27,985,139
Store and spares parts including packing material (At cost)	612,484	43,500
	67,337,726	28,028,639

8 Trade receivable

	Non-Current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Secured, considered good	-	-	-	-
Unsecured	-	-	66,441,741	27,840,921
-Considered good	-	-	66,441,741	27,840,921

Further classified as:

Receivable from related parties	-	-	30,831,937	13,875,600
Receivable from others	-	-	35,609,804	13,965,321
	-	-	66,441,741	27,840,921



	31 March 2020	31 March 2019
9 Cash and cash equivalents		
Balances with banks:		
On current accounts	1,667,987	11,813,692
Cash on hand	16,443	50,181
	1,684,430	11,863,873

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2020	31 March 2019
Cash and cash equivalents		
Balances with banks:		
On current accounts	1,667,987	11,813,692
Cash on hand	16,443	50,181
	1,684,430	11,863,873

	31 March 2020	31 March 2019
10 Other financial assets		
Due From Collection Agencies	-	1,575,099
Others	759,645	628,361
	759,645	2,203,460

	31 March 2020	31 March 2019
11 Other current assets		
Vendor and employee advances	21,349,403	7,205,284
Balances with government authorities	12,681,784	15,095,349
Other advances	203,886	459,094
Prepaid expenses	1,375,285	474,890
Total	35,610,358	23,234,617



Palred Electronics Private Limited
(Formerly known as Palred Online Technologies Private Limited)
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	31 March 2020		31 March 2029	
	Number of shares	Amount	Number of shares	Amount
Authorized share Capital				
Equity shares of Rs. 10 each	41,000,000	410,000,000	41,000,000	410,000,000
7% Preference shares of Rs. 10 each	2,000,000	20,000,000	2,000,000	20,000,000
Issued, subscribed and paid up				
Equity shares of Rs.10 each fully paid	32,306,574	323,065,740	31,961,747	319,617,470
Equity shares of Rs10 each , Rs.2.5 paid-up	1,300,000	3,250,000	1,300,000	3,250,000
Equity shares of Rs10 each , Rs.0.1 paid-up	1,200,000	120,000	1,200,000	120,000
Total	34,806,574	326,435,740	34,461,747	322,987,470

(a)

Reconciliation of equity shares outstanding at the beginning and at the end of the year

Equity Shares:	Number of shares		Amount	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	34,461,747	322,987,470	34,461,747	322,987,470
Add: Issued during the year	344,827	3,448,270		
Outstanding at the end of the year	34,806,574	326,435,740	34,461,747	322,987,470

(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 shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	31 March 2020		31 March 2029	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Equity shares of INR 10 each fully paid				
Palred Technologies Limited	27,206,574	78.17%	26,861,747	77.95%
Palem Srikanth Reddy	5,099,990	14.65%	5,099,990	16.46%

(d) Shares Held by Holding Company

Palred Technologies Limited	31 March 2020		31 March 2029	
	Number of shares	Amount	Number of shares	Amount
	27,206,574	272,065,740	26,861,747	268,617,470

(e) 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.

(f) Sweat equity shares issued at a consideration other than Cash

The Board of directors of the Company has issued 2,00,000 sweat equity shares in 2014-15 at Rs. 10 per share for consideration other than cash to the Directors of the Company

13 Other equity

	31 March 2020	31 March 2029
(A) Reserves & Surplus		
Securities premium	201,533,172	194,981,440
Retained earnings	(414,300,895)	(422,152,691)
Total reserves & surplus	(212,767,723)	(227,171,251)
(B) Other comprehensive income		
Re-measurement gains/ (losses) on defined benefit plans	(55,563)	80,620
Total other comprehensive income	(55,563)	80,620
Total other equity	(212,823,286)	(227,090,631)



Nature and purpose of reserves

(a) Security premium

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

(b) Remeasurement of defined benefit plans

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

	31 March 2020	31 March 2029
14 Other financial liabilities		
Dealer Deposits	2,000,000	5,100,414
	<u>2,000,000</u>	<u>5,100,414</u>

15 Provisions

	As at 31 March 2020	As at 31 March 2029
Non-current		
Gratuity (refer note (a))	318,685	334,588
	<u>318,685</u>	<u>334,588</u>
Current		
Gratuity (refer note (a))	4,180	5,073
	<u>4,180</u>	<u>5,073</u>

(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 2029
i. Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	339,662	455,968
Service cost	58,663	214,789
Interest cost	8,909	35,018
Actuarial (gain) / loss	136,194	196,374
Settlements	(220,553)	(562,488)
Benefits paid		
Projected benefit obligation at the end of the year	<u>322,875</u>	<u>339,661</u>
ii. Expense recognized in the statement of profit and loss		
Service cost	58,663	214,789
Interest cost	8,909	35,018
Expected returns on plan assets		
Net gratuity costs	<u>67,572</u>	<u>249,807</u>
iii. Expense recognized in OCI		
Recognized net actuarial (gain)/ loss	136,194	196,374
iv. Key actuarial assumptions		
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 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	(54,053)	(49,233)
Delta effect of -1% change in discount rate	68,138	60,302
Delta effect of -1% change in discount rate	67,141	59,980
Delta effect of -1% change in salary escalation rate	(54,321)	(49,853)

Maturity analysis of projected benefit

vi. obligation

1 year	4,180	5,073
2 to 5 years	25,627	32,902
More than 5 years	1,284,532	1,326,116

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.

16 Borrowings

	31 March 2020	31 March 2029
Current		
Secured, loans repayable on demand from banks		
Overdraft facility from Bank	61,452,544	-
	-	-
Total short-term borrowings	61,452,544	-

i. Loan repayable on demand from bank in the nature of bank overdraft of Rs. 7.6 Crores is secured by way of pledge of fixed deposits in Palred Technologies Limited (Holding Company) and carry an interest rate of 8.6% per annum on the outstanding amount.

ii. Net debt reconciliation

	Amounts
Net debt as at 1 April 2018	3,372,923
Cash flows, net	(3,372,923)
Interest expense	832,633
Interest paid	(832,633)
Net debt as at 31 March 2019	-
Cash flows, net	61,452,544
Interest expense	4,893,267
Interest paid	(4,893,267)
Net debt as at 31 March 2020	61,452,544

17 Trade payables

	31 March 2020	31 March 2029
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,986,020	2,761,732
	6,986,020	2,761,732

The details of dues to micro enterprises and small enterprises are as follows:

	31 March 2020	31 March 2029
i. The principal amount remaining unpaid as at the end of the year	-	-
ii. The amount of interest accrued and remaining unpaid at the end of the year	-	-
iii. 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.	-	-
iv. Amount of interest due and payable for the period of delay in making payment without the interest	-	-
v. 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).	-	-

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

18 Other financial liabilities

	31 March 2020	31 March 2029
Liability For Expenses	1,373,350	3,086,478
Payable towards customer refunds	-	1,127,947
Other Payables	4,592,221	2,543,442
	5,965,571	6,757,867

19 Other current liabilities

	31 March 2020	31 March 2029
Statutory dues payable	1,191,521	526,602
	1,191,521	526,602



Palred Electronics Private Limited**(Formerly known as Palred Online Technologies Private Limited)**

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

(All amounts in Rupees, unless otherwise stated)

20 Revenue from operations	31 March 2020	31 March 2019
Sale of Goods	346,872,751	295,647,203
Total revenue from operations	346,872,751	295,647,203
21 Other income	31 March 2020	31 March 2019
Interest Income	-	1,323,287
Dividend From Mutual Funds	11,432	402,054
Miscellaneous income	-	506,852
Liabilities no longer required, written off	2,731,290	-
	2,742,722	2,232,193
22 Changes in inventories of stock-in-trade	31 March 2020	31 March 2019
Inventory at the beginning of the year	27,985,139	55,023,725
Less: Inventory at the end of the year	(66,725,242)	(27,985,139)
	(38,740,103)	27,038,586
23 Employee benefits expense	31 March 2020	31 March 2019
Salaries, wages, bonus and other allowances	9,709,138	21,804,787
Contribution to Provident Fund and ESI	688,027	1,332,784
Gratuity and compensated absences expenses (Refer note 15)	67,572	249,807
Staff welfare expenses	652,494	872,334
Total employee benefits expense	11,117,231	24,259,712
24 Finance costs	31 March 2020	31 March 2019
Interest on borrowing	4,893,267	832,633
Interest Expense on lease liability	87,965	-
Total finance costs	4,981,232	832,633
25 Depreciation and amortization expense	31 March 2020	31 March 2019
Depreciation of property, plant and equipment	1,143,562	1,566,602
Depreciation of ROU Assets	931,842	1,307,508
Total depreciation and amortization expense	2,075,404	2,874,110



	31 March 2020	31 March 2019
26 Other expenses		
Rent	-	750,000
Rates and taxes	2,192,779	472,917
Repairs and maintenance	988,579	2,678,547
Website maintenance expenses	-	25,216,742
Freight charges	179,096	1,006,153
Office maintenance	3,255,869	1,605,722
Business promotion expenses	46,145,678	35,992,208
Postage and courier	46,141	48,141
Power and fuel	280,384	507,703
Travelling and conveyance	1,366,508	2,805,764
Delivery charges	1,685,068	36,490,162
Legal and professional charges*	2,260,903	1,557,129
Auditor's Remuneration (Refer Note i)	275,000	1,106,250
Due from collection agencies written off	-	114,610
Hosting expenses	-	213,945
Refund expenses, net	-	312,093
Packing material	813,385	414,871
Foreign exchange difference, net	59,978	266,478
Bank charges	442,632	312,382
Management Fees	5,426,001	933,890
Commission	2,535,276	37,478,880
Packing charges	2,030,980	
Miscellaneous expenses	1,346,658	2,541,635
Total other expenses	71,330,916	152,826,222

Note 1 : The following is the break-up of Auditors remuneration (exclusive of Goods and service tax)

	31 March 2020	31 March 2019
As auditor:		
Statutory audit	200,000	1,006,250
In other capacity:		
Other matters	75,000	100,000
Total	275,000	1,106,250



Paired Electronics Private Limited

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

27 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:

	31 March 2020	31 March 2019
Profit / (Loss) attributable to equity holders	7,851,796	(44,559,940)
Weighted average number of equity shares	34,634,161	35,658,471
Basic loss per share (INR)	0.23	(1.25)
Diluted loss per share (INR)	0.23	(1.25)

28 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 maximize 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

	31 March 2020		31 March 2019	
	Level 2	Level 3	Level 2	Level 3
Financial assets				
Current Investments	-	-	1,058,468	-

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

(iii) Financial instruments by category

For amortized cost instruments, carrying value represents the best estimate of fair value.

	31 March 2020		31 March 2019	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial Assets				
Current Investments	-	-	1,058,468	-
Trade receivables	-	66,441,741	-	27,840,921
Cash and cash equivalents	-	1,684,430	-	11,863,873
Other financial assets	-	759,645	-	2,203,460
Total financial assets	-	68,885,816	1,058,468	41,908,254
Financial liabilities				
Borrowings	-	61,452,544	-	-
Trade payables	-	6,986,020	-	2,761,732
lease liability	-	806,502	-	-
Other financial liabilities	-	5,965,571	-	6,757,867
Total financial liabilities	-	75,210,637	-	9,519,599

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
Financial Assets				
Trade receivables	66,441,741	66,441,741	27,840,921	27,840,921
Cash and cash equivalents	1,684,430	1,684,430	11,863,873	11,863,873
Other financial assets	759,645	759,645	2,203,460	2,203,460
Total financial assets	68,885,816	68,885,816	41,908,254	41,908,254
Financial liabilities				
Borrowings	61,452,544	61,452,544	-	-
Trade payables	6,986,020	6,986,020	2,761,732	2,761,732
lease liability	806,502	806,502	-	-
Other financial liabilities	5,965,571	5,965,571	6,757,867	6,757,867
Total financial liabilities	75,210,637	75,210,637	9,519,599	9,519,599



The carrying amounts of financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

- 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 amortized cost is not significant in each of the years presented. For all other amortized 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.

29 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 analyze 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 result from adverse changes in market rates (such as interest rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments. The Company's exposure to market risk is a function of investing activities.

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 Company's investments in deposits is with banks and therefore do not expose the Company to significant interest rates risk. Further, the borrowing rate 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.

Commodity rate risk:

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of Computers, mobiles, electronic products, fashion accessories and related services. There are commodity products, whose prices may fluctuate significantly over short period of time. The prices of the Company's purchases generally fluctuate in line with commodity cycle and are generally more volatile depending upon the market conditions. Commodity prices risk exposure is evaluation and managed through operating procedures and sourcing policies. For the reporting periods presented, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from collection agencies. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of collection agencies to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Financial assets that are neither past due nor impaired

Credit risk on Cash and cash equivalents is limited as the Company generally invest in deposits with banks 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 specific time period. None of the Company's cash and cash equivalents including term deposits (i.e. certificates of deposits) were past due or impaired as at the reporting periods.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and region in which the customer operates, also has an influence on credit risk assessment.

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for dues from collection agencies. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit ratings from credit rating agencies and historical experience for customers. During the period, the Company has written off Rs. Nil (31 March 2019: Rs. 1,14,610) of dues from collection agencies.



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	31 March 2020	31 March 2019
Current Assets	171,833,900	94,229,978
Current liabilities	76,406,338	10,051,274
Working Capital	95,427,562	84,178,704

D. Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risks, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

30 Capital risk management

The Company'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 share holders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets. The Gearing ratio as at 31 March 2020 id Nil (31 March 2019: Nil). There have been no material breaches in the financial covenants of any borrowings in the current period.

31 Related Party disclosures

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

Names of related parties	Country	Nature of relationship
Palred Technologies Limited	India	Holding company
Palred Technology Services Private Limited *	India	Fellow subsidiary
Palred Retail Private Limited	India	Fellow subsidiary
Palred Online Bilism Teknojilieri Ticaret Anomin Sirketi	Turkey	Subsidiary
Palred Online Technologies Limited	Hong Kong	Subsidiary
Palred Technology Shenzhen Company Ltd	China	Subsidiary
Mr. Palem Srikanth Reddy		KMP of Holding company
Mr. Ameen Khwaja		KMP
Ms. Supriya Reddy		Relative of KMP
Ms. Stuthi Reddy		Relative of KMP

(b) Transactions with related parties:

		For the year ended 31 March 2020	For the year ended 31 March 2019
Palred Technologies Limited	Issue of Equity Shares	10,000,000	60,000,000
Palred Online Technologies Limited, Hongkong	Investment in equity shares	-	-
Palred Online Technologies Limited, Hongkong	Reimbursement of expenses	-	451,834
Palred Online Technologies Limited, China	Sourcing Commission	5,021,366	2,962,029
Palred Retail Private Limited	Sale of Inventory	49,812,215	52,388,999
Palred Retail Private Limited	Advertisement Reimbursement	3,633,052	10,509,008
Palred Retail Private Limited	Reimbursement of Expenses	969,937	2,509,249
Palred Technology Services Private Limited	Sale of Inventory	7,690,714	-
Palred Technology Services Private Limited	Sale of Services	-	24,891,742
Palred Technology Services Private Limited	Sale of Business	-	50,000,000
Palred Technology Services Private Limited	Reimbursement of Expenses	1,465,408	732,933
Palred Technologies Limited	Ecom Fulfillment Services	(117,700)	-
Palred Technologies Limited	Management Fee	(5,393,444)	-
Palred Technologies Limited	Pledge of fixed deposits against working capital limits	76,000,000	-
Mr. Ameen Khwaja	Remuneration*	3,000,000	1,800,000
Mr. Ameen Khwaja	Reimbursement of expenses	356,619	292,589
Ms. Supriya Reddy	Rent	-	300,000
Ms. Stuthi Reddy	Rent	766,670	450,000

*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
Palred Technologies Limited	(2,416,757)	-
Palred Retail Private Limited	30,831,937	-
Mr. Ameen Khwaja	-	(148,784)
Ms. Supriya Reddy	-	1,200,000
Ms. Stuthi Reddy	108,000	-

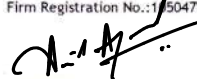
32 Segment reporting

The Company's business model and considering the internal financial reporting has identified "Trading in mobiles, electronic products, fashion accessories and providing related services" as the only reportable segment. Further all operations of the Company are based only in India with customer base and hence, no separate disclosures are applicable in accordance with the requirements of Ind AS 108- Operating segments.

33 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 and inventory based on the information available to date, both internal and external, while preparing its financial statements as of and 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 financial statements for the year ended 31 March 2020.

34 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.: 15047W


Amit Kumar Agarwal
Partner
Membership No: 214198

Place: Hyderabad
Date: 25 June 2020

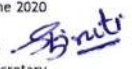
For and on behalf of the Board of Directors
Palred Electronics Private Limited
CIN: U22222TG2011PTC073292


Ameen Khwaja
Managing Director
DIN: 00800284

Place: Hyderabad
Date: 25 June 2020


Pinekalapati Harish Naidu
Director
DIN: 07010812

Place: Hyderabad
Date: 25 June 2020


Shruti Rege
Company Secretary
Membership No: A43523

Place: Hyderabad
Date: 25 June 2020

