

**Palred Technology Services Private Limited**

**Financial Statements and Independent Auditor's Report**

**31 March 2018**

## **Contents**

**Independent Auditor's Report**

**Balance Sheet**

**Statement of Profit and Loss (including Other Comprehensive Income)**

**Cash Flow Statement**

**Statement of Changes in Equity**

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

# Walker Chandiok & Co LLP

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## Independent Auditor's Report

### To the Members of Palred Technology Services Private Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Palred Technology Services Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

# Walker Chandiok & Co LLP

## Auditor's Responsibility

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

## Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

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

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.



# Walker Chandiok & Co LLP

11. Further, to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act;
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 10 September 2018 as per Annexure B expresses unmodified opinion; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company 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;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

Nikhil Vaid  
Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 10 September 2018



# Walker Chandiok & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of Palred Technology Services Private Limited, on the financial statements for the year ended 31 March 2018

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) 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 loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been slight delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



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- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (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 purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Nikhil Vaid*  
Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 10 September 2018



# Walker Chandiok & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Palred Technology Services Private Limited, on the financial statements for the year ended 31 March 2018

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

1. In conjunction with our audit of the financial statements of Palred Technology Services Private Limited ('the Company') as on and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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



# Walker Chandiok & Co LLP

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid  
Nikhil Vaid

Partner

Membership No.: 213356



Place: Hyderabad

Date: 10 September 2018

**Palred Technology Services Private Limited**  
**Balance Sheet as at 31 March 2018**  
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017	1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	5,987,546	871,039	437,907
Intangible assets	8	621,698	312,285	166,498
Financial assets				
Investments	9(a)	12,065,635	13,190,175	12,065,635
Loans	9(c)	2,090,000	36,000	142,500
Other non-current assets	10	1,714,338	786,000	384,000
<b>Total non-current assets</b>		<b>22,479,217</b>	<b>15,195,799</b>	<b>13,246,549</b>
<b>Current assets</b>				
Inventories	11	2,402,692	-	-
Financial assets				
Investments	9(b)	5,320,587	23,537,606	36,706,372
Trade receivables	9(d)	3,562,143	-	781,051
Cash and cash equivalents	9(e)	1,867,805	745,624	493,934
Other financial assets	9(f)	220,301	230,287	-
Other current assets	12	852,118	208,777	147,141
<b>Total current assets</b>		<b>14,165,646</b>	<b>24,712,294</b>	<b>38,128,498</b>
<b>Total assets</b>		<b>36,644,863</b>	<b>39,908,093</b>	<b>51,375,038</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	13	90,100,000	60,100,000	60,100,000
Other equity	14	(60,799,163)	(21,140,720)	(9,818,822)
<b>Total equity</b>		<b>29,300,837</b>	<b>38,939,280</b>	<b>50,281,178</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Employee benefit obligations	16	649,853	221,782	93,369
<b>Total non-current liabilities</b>		<b>649,853</b>	<b>221,782</b>	<b>93,369</b>
<b>Current liabilities</b>				
Financial liabilities				
Other financial liabilities	15	4,962,630	336,973	667,041
Other current liabilities	17	1,729,161	389,133	333,191
Employee benefit obligations	16	2,382	925	259
<b>Total current liabilities</b>		<b>6,694,173</b>	<b>727,031</b>	<b>1,000,491</b>
<b>Total liabilities</b>		<b>7,344,026</b>	<b>948,813</b>	<b>1,093,860</b>
<b>Total equity and liabilities</b>		<b>36,644,863</b>	<b>39,908,093</b>	<b>51,375,038</b>

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

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

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

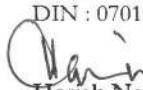
  
Nikhil Vaid  
Partner  
Membership No.: 213356

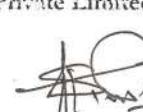


Place: Hyderabad  
Date: 10 September 2018

For and on behalf of Board of Directors of  
Palred Technology Services Private Limited

  
MVLN Murthy  
Managing Director  
DIN : 07010804

  
Harish Naidu Pinekalapati  
Director  
DIN : 07010812

  
S. Vijaya Saradhi  
Director  
DIN: 03089889



Place: Hyderabad  
Date: 10 September 2018

**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2018	31 March 2017
Revenue from operations	18	17,412,183	4,000,000
Other income	19	712,981	1,481,234
<b>Total income</b>		<b>18,125,164</b>	<b>5,481,234</b>
<b>Expenses</b>			
Employee benefits expense	20	20,807,415	14,526,643
Depreciation and amortisation expense	7, 8	2,329,286	513,546
Other expenses	21	12,102,535	1,832,479
<b>Total expenses</b>		<b>35,239,236</b>	<b>16,872,668</b>
<b>Loss before tax</b>		<b>(17,114,072)</b>	<b>(11,391,434)</b>
Tax expense			
<b>Loss for the year</b>		<b>(17,114,072)</b>	<b>(11,391,434)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post-employment benefit obligations - Losses/(gain)	16	113,016	(69,536)
<b>Other comprehensive income/(loss) for the year</b>		<b>(113,016)</b>	<b>69,536</b>
<b>Total comprehensive loss for the year</b>		<b>(17,227,088)</b>	<b>(11,321,898)</b>
<b>Earnings per equity share [EPES]</b>			
Basic and Diluted EPES		(2.57)	(1.90)
Weighted average number of equity shares outstanding during the year and considered for calculation of basic and diluted EPES		6,659,315	6,010,000
Nominal value per equity share	10	10	10

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

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

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

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



Place: Hyderabad  
Date: 10 September 2018

For and on behalf of Board of Directors of  
**Palred Technology Services Private Limited**

*MVLN Murthy*  
MVLN Murthy  
Managing Director  
DIN : 07010804  
*Harish Naidu Pinekalapati*  
Harish Naidu Pinekalapati  
Director  
DIN : 07010812

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



Place: Hyderabad  
Date: 10 September 2018

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

	31 March 2018	31 March 2017
<b>Cash flows from operating activities</b>		
Loss before tax	(17,114,072)	(11,391,434)
Adjustments to reconcile loss before tax to net cash flows :		
Dividend Income from mutual funds	(682,981)	(1,481,234)
Employee benefits expense	129,721	105,987
Depreciation and amortisation expense	2,329,286	513,546
<b>Operating loss before working capital changes</b>	<u>(15,338,046)</u>	<u>(12,253,135)</u>
<b>Movements in working capital:</b>		
Changes in inventories	(579,378)	
Changes in loans	(1,126,000)	106,500
Changes in trade receivables	(3,562,143)	781,051
Changes in financial assets	(14)	(220,287)
Changes in other assets	(337,412)	(61,636)
Changes in financial liabilities	4,446,531	(174,439)
Changes in employee benefit obligations	186,791	92,628
Changes in other current liabilities	1,340,028	55,942
<b>Cash used in operating activities</b>	<u>(14,969,643)</u>	<u>(11,673,376)</u>
Income taxes paid, net	(928,338)	(402,000)
<b>Net cash used in operating activities</b>	<b>A</b> <u>(15,897,981)</u>	<u>(12,075,376)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,952,683)	(1,198,094)
Investment in subsidiary	-	(1,124,840)
Cash acquired as part of merger of Thati Consultants Private Limited ("TCPL")	12,845	-
Purchase of business from Palred Online Technologies Private Limited ("POT")	(30,000,000)	-
(Investments in)/ net proceeds from mutual funds, net	(1,782,981)	33,168,766
(Redemption)/purchase of preference shares	20,000,000	(20,000,000)
Dividend income from mutual funds	682,981	1,481,234
<b>Net cash (used in)/ from investing activities</b>	<b>B</b> <u>(13,039,838)</u>	<u>12,327,066</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity shares	30,000,000	-
<b>Net cash from financing activities</b>	<b>C</b> <u>30,000,000</u>	<u>-</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	1,062,181	251,690
Cash and cash equivalents at the beginning of year	745,624	493,934
<b>Cash and cash equivalents as at the end of the year</b>	<u>1,807,805</u>	<u>745,624</u>

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

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

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



Place: Hyderabad  
Date: 10 September 2018

For and on behalf of Board of Directors of  
**Palred Technology Services Private Limited**

*MVLN Murthy*  
MVLN Murthy  
Managing Director  
DIN : 07010804

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

*Harish Naidu Pinekalapati*  
Harish Naidu Pinekalapati  
Director  
DIN : 07010812  
Place: Hyderabad  
Date: 10 September 2018



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

**A. Equity share capital**

	31 March 2018		31 March 2017	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity shares of ₹10 each issued, subscribed and fully paid up</b>				
Balance at the beginning of the year	6,010,000	60,100,000	6,010,000	60,100,000
Changes in equity share capital during the year	3,000,000	30,000,000	-	-
<b>Balance at the end of the year</b>	<b>9,010,000</b>	<b>90,100,000</b>	<b>6,010,000</b>	<b>60,100,000</b>

**B. Other equity**

	Reserves and surplus	OCI	Total
	Retained earnings	Actuarial gains/ (losses)	
<b>As at 1 April 2016</b>	(9,818,822)	-	(9,818,822)
Loss for the year	(11,391,434)	-	(11,391,434)
Remeasurement of post-employment benefit obligations	-	69,536	69,536
<b>Total comprehensive income</b>	<b>(11,391,434)</b>	<b>69,536</b>	<b>(11,321,898)</b>
<b>As at 31 March 2017</b>	<b>(21,210,256)</b>	<b>69,536</b>	<b>(21,140,720)</b>
Distribution made to Palred Technologies Limited (refer note 25)	(22,431,355)	-	(22,431,355)
Loss for the year	(17,114,072)	-	(17,114,072)
Remeasurement of post-employment benefit obligations	-	(113,016)	(113,016)
<b>Total comprehensive loss</b>	<b>(17,114,072)</b>	<b>(113,016)</b>	<b>(17,227,088)</b>
<b>As at 31 March 2018</b>	<b>(60,755,683)</b>	<b>(43,480)</b>	<b>(60,799,163)</b>

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

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

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



Place: Hyderabad  
 Date: 10 September 2018

For and on behalf of Board of Directors of  
 Palred Technology Services Private Limited

*MVLN Murthy*  
 MVLN Murthy  
 Managing Director  
 DIN : 07010804

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

*Harish Naidu Pinekalapati*  
 Harish Naidu Pinekalapati  
 Director  
 DIN : 07010812



Place: Hyderabad  
 Date: 10 September 2018

## **Palred Technology Services Private Limited**

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

### **1. Company's overview**

Palred Technology Services Private Limited (the 'Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act 2013. The Company is engaged in the business of providing information technology solutions and services including platform for database management. The Company is a subsidiary of Palred Technologies Limited ("Holding Company") whose equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

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

### **2. Statement of compliance with Ind AS**

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

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP or Indian GAAP). These financial statements for the year ended 31 March 2018 are the first which the Company has prepared in accordance with Ind AS (see note 30 for explanation for transition to Ind AS). For the purpose of comparatives, financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

These financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 10 September 2018.

### **3. Basis of preparation of separate financial statements**

These financial statements are separate financial statements as the Company is exempted from the preparation of consolidated financial statements being a subsidiary of Palred Technologies Limited, a Hyderabad based Company which produces consolidated financial statements available for public use. The registered office of Palred Technologies Limited where those consolidated financial statements can be obtained is H. No. 8-2-703/2/B, Plot No. 2, Road No. 12, Banjara Hills, Hyderabad, Telangana – 500 034.

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

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

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

#### **4.0 Business combinations**

##### **Common control transactions**

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

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies;



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve;
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee; and
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

**4.1 Operating Cycle and Current versus non-current classification**

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

An **asset** is classified as current when it is:

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

All other assets are classified as non-current.

A **liability** is classified as current when:

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

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

**4.2 Foreign currency**

*Functional and presentation currency*

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

*Transactions and balances*

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

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

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



## **Palred Technology Services Private Limited**

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

(All amounts in ₹unless otherwise stated)

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

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

#### **4.3 Fair value measurement**

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

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

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

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

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

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

#### **4.4 Revenue recognition**

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



## **Palred Technology Services Private Limited**

### **Summary of significant accounting policies and other explanatory information** (All amounts in ₹unless otherwise stated)

#### *Sale of services and licences*

Revenue from the sale of user licenses for software applications is recognized on delivery as per the terms of contract with the customers upon transfer of all risk and rewards and has no further obligation under these arrangements.

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

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

#### *Interest Income*

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

#### *Dividend*

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

## **4.5 Taxes**

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

#### *Current income tax*

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

#### *Deferred tax*

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

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

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



## **Palred Technology Services Private Limited**

### **Summary of significant accounting policies and other explanatory information** (All amounts in ₹ unless otherwise stated)

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

#### *Dividend distribution tax (DDT)*

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

#### **4.6 Property, plant and equipment (PPE)**

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

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

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

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

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

#### **4.7 Intangible assets**

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

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

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



## **Palred Technology Services Private Limited**

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

(All amounts in ₹unless otherwise stated)

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

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

#### **4.9 Leases**

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

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

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

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

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

#### **4.10 Inventories**

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

The factors that the Company considers in determining the allowance for slow moving, obsolete inventory include estimated life, price changes and ageing of inventory to the extent each of these factors impact the Company's business. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

#### **4.11 Provisions and contingencies**

##### *Provisions*

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



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

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

*Contingencies*

Contingent liability is disclosed for:

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

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

#### **4.12 Employee benefits**

*Defined contribution plan*

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

*Defined benefit plan*

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

*Short-term employee benefits*

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

#### **4.13 Financial instruments**

**Financial instruments**

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

**Financial assets**

*Initial recognition and measurement*

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



**Palred Technology Services Private Limited**

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

(All amounts in ₹unless otherwise stated)

*Subsequent measurement*

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

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

*Debt instruments at amortised cost*

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

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

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

*Debt instruments at fair value through other comprehensive income (FVTOCI)*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

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

*Debt instruments and equity instruments at fair value through profit or loss (FVTPL)*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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

*Equity instruments measured at FVTOCI*

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

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



## **Palred Technology Services Private Limited**

### **Summary of significant accounting policies and other explanatory information** (All amounts in ₹ unless otherwise stated)

The Company's investment in equity instruments in subsidiary are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

#### **Cash and cash equivalents**

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

#### **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### *De-recognition*

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

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

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

#### **Impairment of financial assets**

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

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

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

#### **Financial Liabilities**

##### *Initial recognition and measurement*

The Company's financial liabilities include trade and other payables and other financial instruments. All financial liabilities are recognised initially at fair value.

##### *Subsequent measurement*

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

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



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

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

**Trade and other payables**

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

*De-recognition*

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

**Offsetting of financial instruments**

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

**4.14 Contributed equity**

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

**4.15 Earnings per equity share (EPES)**

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

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

**4.16 Cash flow statement**

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

**4.17 Cash dividend**

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

**5. Standard not yet effective**

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



**Palred Technology Services Private Limited**

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

**Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration:**

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

**Ind AS 115- Revenue from Contract with Customers:**

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

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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

**6. Key accounting estimates and judgements**

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

*Leases*

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification.

*Useful lives of various assets*

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

*Accounting for defined benefit plans*

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.



**Palred Technology Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**7. Property, plant and equipment**

	Leasehold improvements	Office equipment	Vehicles	Computers	Furniture and fixtures	Electrical installation	Total
<b>Deemed cost as at 1 April 2016</b>				487,907			487,907
Additions	271,938	109,950	-	25,800	397,934	-	805,622
<b>As at 31 March 2017</b>	<b>271,938</b>	<b>109,950</b>		<b>513,707</b>	<b>397,934</b>		<b>1,293,529</b>
Additions	-	43,075	-	811,350	428,221	355,800	1,638,446
On account of business combination (refer note 24)	-	-	55,547	-	-	-	55,547
On account of business combination (refer note 25)	154,241	276,880	-	955,785	2,755,674	308,498	4,451,078
<b>As at 31 March 2018</b>	<b>426,179</b>	<b>429,905</b>	<b>55,547</b>	<b>2,280,842</b>	<b>3,581,829</b>	<b>664,298</b>	<b>7,438,600</b>
<b>Accumulated depreciation</b>							
Up to 31 March 2016	51,097	22,387	-	313,101	35,905	-	422,490
Charge for the year	<b>51,097</b>	<b>22,387</b>		<b>313,101</b>	<b>35,905</b>		<b>422,490</b>
Up to 31 March 2017	149,105	77,702	24,996	413,699	314,167	48,895	1,028,564
Charge for the year	<b>200,202</b>	<b>100,089</b>	<b>24,996</b>	<b>726,800</b>	<b>350,072</b>	<b>48,895</b>	<b>1,451,054</b>
<b>Net carrying amount</b>							
As at 31 March 2018	225,977	329,816	30,551	1,554,042	3,231,757	615,403	5,987,546
As at 31 March 2017	220,841	87,563	-	200,606	362,029	-	871,039
As at 1 April 2016	-	-	-	487,907	-	-	487,907
<b>Deemed cost</b>							
<b>As at 1 April 2016</b>							
Gross block							803,210
Less: Accumulated depreciation							315,303
<b>Deemed cost upon transition</b>							<b>487,907</b>
<b>Computers</b>							



Palfed Technology Services Private Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

**8. Intangible Assets**

	Computer software	Goodwill	Total
<b>Deemed cost as at 1 April 2016</b>	<b>166,498</b>	<b>-</b>	<b>166,498</b>
Additions	236,843	-	236,843
<b>As at 31 March 2017</b>	<b>403,341</b>	<b>-</b>	<b>403,341</b>
Additions	493,363	-	493,363
On account of business combination (refer note 24)	-	1,056,448	1,056,448
On account of business combination (refer note 25)	60,324	-	60,324
<b>As at 31 March 2018</b>	<b>957,028</b>	<b>1,056,448</b>	<b>2,013,476</b>
<b>Accumulated Amortization</b>			
<b>Up to 31 March 2016</b>	<b>91,056</b>	<b>-</b>	<b>91,056</b>
Charge for the year	-	-	-
<b>Up to 31 March 2017</b>	<b>91,056</b>	<b>-</b>	<b>91,056</b>
Charge for the year	244,274	1,056,448	1,300,722
<b>Up to 31 March 2018</b>	<b>335,330</b>	<b>1,056,448</b>	<b>1,391,778</b>
<b>Net carrying amount</b>	<b>621,698</b>	<b>-</b>	<b>621,698</b>
<b>As at 31 March 2018</b>	<b>312,285</b>	<b>-</b>	<b>312,285</b>
As at 31 March 2017	-	-	-
As at 1 April 2016	166,498	-	166,498
<b>Deemed cost</b>			
	Computer software		
<b>As at 1 April 2016</b>	<b>212,911</b>		
Gross block	46,413		
Less: Accumulated amortisation			
<b>Deemed cost upon transition</b>	<b>166,498</b>		



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**9 Financial assets**

**(a) Non-current investments**

	31 March 2018	31 March 2017	1 April 2016
<b>Investments in equity instruments, unquoted, fully paid up</b>			
<b>Investment in subsidiary at cost</b>			
10 (31 March 2017: 10; 1 April 2016: 10) representing 100% equity shares of Nil par value, in Palred Technology Services Inc, USA	12,065,635	12,065,635	12,065,635
Nil (31 March 2017: 3,688; 1 April 2016: Nil) representing 100% equity shares of ₹1,000 each, in Thati Consultants Private Limited, India	-	1,124,840	-
	<b>12,065,635</b>	<b>13,190,475</b>	<b>12,065,635</b>
Aggregate amount of quoted investments and market value thereof			
Aggregate book value of unquoted investments	12,065,635	13,190,475	12,065,635
Aggregate amount of impairment of value in investments	-	-	-

**(b) Current investments**

	31 March 2018	31 March 2017	1 April 2016
<b>Investments in mutual funds, non-trade, unquoted</b>			
525,906 (31 March 2017: 349,874; 1 April 2016: 3,650,522) units of IDFC Ultra Short term Fund - Daily Dividend	5,320,587	3,537,606	36,706,372
<b>Investments in preference shares, non-trade, unquoted, fully paid up</b>			
Nil (31 March 2017: 2,000,000; 1 April 2016: Nil) representing 7% Non-convertible non-cumulative non-participating redeemable preference shares of ₹10 each ("Preference shares"), in Palred Online Technologies Private Limited	-	20,000,000	-
	<b>5,320,587</b>	<b>23,537,606</b>	<b>36,706,372</b>
Aggregate amount of quoted investments and market value thereof			
Aggregate book value of unquoted investments	5,320,587	23,537,606	36,706,372
Aggregate amount of impairment of value in investments	-	-	-
During the year ended 31 March 2018, preference shares had been redeemed by Palred Online Technologies Private Limited ("POT") in accordance with the Investment agreement dated 20 December 2016.			

**(c) Loans**

	31 March 2018	31 March 2017	1 April 2016
<b>Unsecured, considered good</b>			
Security deposits	2,090,000	36,000	142,500
	<b>2,090,000</b>	<b>36,000</b>	<b>142,500</b>



**Palred Technology Services Private Limited**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

**(d) Trade receivables**

	31 March 2018	31 March 2017	1 April 2016
Trade receivables			
-POT	3,562,143	-	781,051
	<b>3,562,143</b>	<b>-</b>	<b>781,051</b>

**(e) Cash and cash equivalents**

	31 March 2018	31 March 2017	1 April 2016
Balances with banks			
- in current accounts	1,691,266	735,558	482,203
Cash on hand	116,539	10,066	11,731
	<b>1,807,805</b>	<b>745,624</b>	<b>493,934</b>

**(f) Other financial assets**

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Others	220,301	220,287	-
	<b>220,301</b>	<b>220,287</b>	<b>-</b>

**10 Other non-current assets**

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Advance tax (net of provision)	1,714,338	786,000	384,000
	<b>1,714,338</b>	<b>786,000</b>	<b>384,000</b>

**11 Inventories**

	31 March 2018	31 March 2017	1 April 2016
Packing materials (at cost)	2,402,692	-	-
	<b>2,402,692</b>	<b>-</b>	<b>-</b>

**12 Other current assets**

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Advances other than capital advances			
Prepaid expenses	613,655	96,666	74,641
Vendor and employee advances	238,463	39,611	-
Balances with government authorities	-	72,500	72,500
	<b>852,118</b>	<b>208,777</b>	<b>147,141</b>



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**13 Equity share capital**

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorized share capital</b>						
Equity shares of ₹10 each	9,351,400	93,514,000	6,351,400	63,514,000	6,351,400	63,514,000
<b>Issued, subscribed and fully paid up shares</b>						
Equity shares of ₹10 each	9,010,000	90,100,000	6,010,000	60,100,000	6,010,000	60,100,000
	9,010,000	90,100,000	6,010,000	60,100,000	6,010,000	60,100,000

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

	31 March 2018		31 March 2017	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
Balance at the beginning of the year		6,010,000	60,100,000	6,010,000
Add: Issued during the year		3,000,000	30,000,000	-
<b>Balance at the end of the year</b>	<b>9,010,000</b>	<b>90,100,000</b>	<b>6,010,000</b>	<b>60,100,000</b>

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

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

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

	31 March 2018		31 March 2017		1 April 2016	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Palred Technologies Limited	9,010,000	100.00%	6,010,000	100.00%	6,000,000	99.83%

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

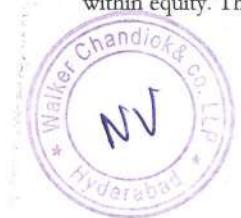
**14 Other equity**

	31 March 2018	31 March 2017	1 April 2016
<b>Reserves and surplus</b>			
<b>Retained earnings</b>			
Balance at the beginning of the year		(21,210,256)	(9,818,822)
Add : Loss for the year		(17,114,072)	(11,391,434)
Less : Distribution made to Palred Technologies Limited (refer note 25)		(22,431,355)	-
<b>Balance at the end of the year</b>	<b>(60,755,683)</b>	<b>(21,210,256)</b>	<b>(9,818,822)</b>
<b>Other comprehensive income</b>			
<b>Actuarial gains/(losses)</b>			
Balance at the beginning of the year		69,536	-
Add/(less) : Additions during the year		(113,016)	69,536
<b>Balance at the end of the year</b>	<b>(43,480)</b>	<b>69,536</b>	<b>-</b>
	<b>(60,799,163)</b>	<b>(21,140,720)</b>	<b>(9,818,822)</b>

**Nature and purpose of reserve**

**(a) Actuarial gain on remeasurement of defined benefit obligation**

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



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**15 Financial liabilities**

**Other financial liabilities**

	31 March 2018	31 March 2017	1 April 2016
Creditor for capital goods	179,126	-	155,629
Liabilities for expenses	3,006,511	-	-
Other payables	1,776,993	336,973	511,412
	4,962,630	336,973	667,041

**16 Employee benefit obligations**

	31 March 2018		31 March 2017		1 April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Gratuity	649,853	2,382	221,782	925	93,369	259
	649,853	2,382	221,782	925	93,369	259

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

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

	31 March 2018	31 March 2017	1 April 2016
Future salary rise	7.00%	7.00%	7.00%
Discount rate	7.68%	7.09%	7.54%
Attrition rate			
For service 4 years and below	30.00%	30.00%	20.00%
For service 5 years and above	2.00%	2.00%	20.00%
Mortality table	India Assured Lives Mortality (2006-08)		

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

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

	Present value of obligations
As at 1 April 2016	93,628
Interest cost	7,060
Current service cost	98,927
<b>Total amount recognised in statement of profit and loss</b>	<b>105,987</b>
Remeasurements	
Actuarial gain on obligation	(69,536)
<b>Total amount recognised in OCI</b>	<b>(69,536)</b>
Liability transferred in	92,628
<b>As at 31 March 2017</b>	<b>222,707</b>
Interest cost	15,790
Current service cost	113,931
<b>Total amount recognised in statement of profit and loss</b>	<b>129,721</b>
Remeasurements	
Actuarial loss on obligation	113,016
<b>Total amount recognised in OCI</b>	<b>113,016</b>
Liability transferred in	186,791
<b>As at 31 March 2018</b>	<b>652,235</b>



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**Sensitivity analysis**

	Changes in assumption	31 March 2018		31 March 2017	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Changes in liability			
Future Salary rise	1.00%	120,619	(98,516)	40,406	(33,303)
Discount rate	1.00%	(97,138)	121,020	(32,998)	40,788
Attrition rate	1.00%	(12,333)	11,054	(7,802)	7,941

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

**Risk exposure**

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

- (a) Asset volatility The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy, if plan assets underperform this yield, this will create a deficit. The plan asset investments are subject to interest rate risk.
- (b) Changes in bond yields A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- (c) Life expectancy The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

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

	Amount
<b>Expected contribution</b>	
During the year ended 31 March 2019	336,640
<b>Expected future benefit payments</b>	
31 March 2019	2,382
31 March 2020	6,890
31 March 2021	12,357
31 March 2022	17,958
31 March 2023	20,336
Thereafter	3,030,387

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

	Amount
<b>Expected contribution</b>	
During the year ended 31 March 2018	129,721
<b>Expected future benefit payments</b>	
31 March 2018	925
31 March 2019	742
31 March 2020	3,310
31 March 2021	5,438
31 March 2022	6,370
Thereafter	863,141



Palred Technology Services Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 17 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
Balances due to government authorities	1,729,161	389,133	333,191
	<b>1,729,161</b>	<b>389,133</b>	<b>333,191</b>

## 18 Revenue from operations

	31 March 2018	31 March 2017
Sale of services	17,412,183	3,000,000
Sale of licenses	0	1,000,000
	<b>17,412,183</b>	<b>4,000,000</b>

## 19 Other income

	31 March 2018	31 March 2017
Dividends income from mutual funds	682,981	1,481,234
Other income	30,000	-
	<b>712,981</b>	<b>1,481,234</b>

## 20 Employee benefits expense

	31 March 2018	31 March 2017
Salaries and wages	18,882,906	13,451,096
Contribution to provident fund	874,237	570,778
Contribution to employee state insurance fund	259,951	49,809
Gratuity	129,721	105,987
Staff welfare expenses	660,600	348,973
	20,807,415	14,526,643

## 21 Other expenses

	31 March 2018	31 March 2017
Rent	2,227,679	700,000
Rates and taxes	533,227	32,486
Repairs and maintenance - Others	887,771	104,059
Office maintenance	490,559	125,188
Communication	743,833	46,197
Postage and courier	1,127	8,650
Power and fuel	601,243	269,937
Travelling and conveyance	260,815	28,123
Legal and professional charges	313,920	269,375
Hosting expenses	2,911,701	-
Packing material	2,258,021	-
Payments to auditor		
-Statutory audit fees	245,000	200,000
Bank charges	6,847	15,713
Printing and stationery	584,134	10,120
General insurance	4,060	22,631
Miscellaneous expenses	32,598	-
	<b>12,102,535</b>	<b>1,832,479</b>

## 22 Subsequent event

Pursuant to the approval of members in the Extra Ordinary General Meeting dated 9 April 2018, the Company has allotted 1,000,000 equity shares of ₹10 each at par value.



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**23 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 Online Technologies Private Limited	India	Fellow subsidiary
Palred Technology Services Inc.	USA	Wholly owned subsidiary
Thati Consultants Private Limited (till 31 March 2017)	India	Wholly owned subsidiary
Mr. Palem Srikanth Reddy		Key management personnel (KMP)
Mr. MVLN Murthy		KMP
Ms. Supriya Reddy		Relative of KMP

**(b) Transactions with related parties**

	31 March 2018	31 March 2017
<b>Palred Technologies Limited</b>		
-Issue of equity shares	30,000,000	-
-Expenses incurred on behalf of the Company	10,635	234,341
<b>Palred Online Technologies Private Limited</b>		
-Sale of services	17,412,183	3,000,000
-Investment/(redemption) in preference shares	(20,000,000)	20,000,000
-Purchase of business functions	30,000,000	-
<b>Palred Technology Services Inc.</b>		
-Expenses incurred on behalf of Palred Technology Services Inc.	121,937	127,659
<b>Mr. Palem Srikanth Reddy</b>		
-Purchase of equity shares of Thati Consultants Private Limited	-	1,124,840
<b>Mr. MVLN Murthy</b>		
-Remuneration*	2,646,000	2,646,000
<b>Ms. Supriya Reddy</b>		
-Office rent	675,000	402,500

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

**(c) Balances receivable**

	31 March 2018	31 March 2017	1 April 2016
Palred Technology Services Inc.	127,659	127,659	-
Palred Online Technologies Private Limited	3,562,143	-	-



**Palred Technology Services Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**24 Amalgamation of the Company and TCPL**

Honourable Regional Director has approved the Scheme of Amalgamation u/s 233 of the Companies Act, 2013 ("the Scheme") between the Company ("Transferee Company") and TCPL ("Transferor Company"), a wholly owned subsidiary of PTS with effect from 1 April 2017 (appointed date). In accordance with the Scheme, the accounting treatment has been given in the financial statements of the Company is as follows:

- (i) all the assets and liabilities in the books of TCPL stands transferred to and vested in the Company pursuant to the Scheme and is recorded by the Company at their carrying amount as appearing in the books of TCPL; and
- (ii) the excess of the amount of the investment in TCPL held by the Company as appearing in the books of the Company over the value of the net assets of TCPL acquired is debited to "Goodwill account".

The amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarized values:

	1 April 2017
<b>Assets</b>	
Property, plant and equipment	55,547
Cash and cash equivalents	12,845
Less: Liabilities	-
<b>Net assets taken over</b>	<b>68,392</b>

**Calculation of goodwill:**

The excess of the amount of the investment in the Transferor Company held by the Company as at 1 April 2017 over the value of the net assets (after considering the value of the assets and liabilities as arrived above) of the Transferor Company is debited to "Goodwill Account".

	1 April 2017
Investment in TCPL	1,124,840
Net assets taken over	68,392
<b>Goodwill</b>	<b>1,056,448</b>

**25 Acquisition of Business functions from Palred Online Technologies Private Limited**

Effective 1 January 2018, the Company has acquired the business of Order fulfilment, Customer Service and IT Helpdesk from Palred Online Technologies Private Limited, a fellow subsidiary of the Company, in payment of full purchase consideration of ₹30,000,000. This acquisition will enable the Company to provide complete back-end services to various e-commerce tailors in India. The Company has applied the book value accounting in accordance with the provisions of Ind AS, recognising the difference between the book value of the net identifiable assets acquired and the consideration paid as an equity transaction with the Palred Technologies Limited.

	1 January 2018
Consideration transferred to Palred Online Technologies Private Limited (A)	30,000,000
Less : identifiable assets received	
Property, plant and equipment	4,451,078
Intangible assets	60,324
Inventories	1,823,314
Loans	928,000
Prepaid expenses	305,929
<b>Total identifiable assets received (B)</b>	<b>7,568,645</b>
<b>Distribution to Palred Technologies Limited (A-B)</b>	<b>22,431,355</b>



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**26 Fair value measurements**

**(a) Financial instruments by category**

	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>						
Loans	-	2,090,000	-	36,000	-	142,500
Current investments	5,320,587	-	23,537,606	-	36,706,372	-
Trade receivables	-	3,562,143	-	-	-	781,051
Cash and cash equivalents	-	1,807,805	-	745,624	-	493,934
Other financial assets	-	220,301	-	220,287	-	-
<b>Total financial assets</b>	<b>5,320,587</b>	<b>7,680,249</b>	<b>23,537,606</b>	<b>1,001,911</b>	<b>36,706,372</b>	<b>1,417,485</b>
<b>Financial liabilities</b>						
Other financial liabilities	-	4,962,630	-	336,973	-	667,041
<b>Total financial liabilities</b>	<b>-</b>	<b>4,962,630</b>	<b>-</b>	<b>336,973</b>	<b>-</b>	<b>667,041</b>

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

	31 March 2018		31 March 2017		1 April 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Loans	2,090,000	2,090,000	36,000	36,000	142,500	142,500
Current investments	5,320,587	5,320,587	23,537,606	23,537,606	36,706,372	36,706,372
Trade receivables	3,562,143	3,562,143	-	-	781,051	781,051
Cash and bank balances	1,807,805	1,807,805	745,624	745,624	1,807,805	1,807,805
Other financial assets	220,301	220,301	220,287	220,287	-	-
	<b>13,000,836</b>	<b>13,000,836</b>	<b>24,539,517</b>	<b>24,539,517</b>	<b>39,437,728</b>	<b>39,437,728</b>
<b>Financial liabilities</b>						
Other financial liabilities	4,962,630	4,962,630	336,973	336,973	667,041	667,041
	<b>4,962,630</b>	<b>4,962,630</b>	<b>336,973</b>	<b>336,973</b>	<b>667,041</b>	<b>667,041</b>

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

**(b) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**(c) Fair value hierarchy**

	31 March 2018		31 March 2017		1 April 2016	
	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3
<b>Financial instruments measured at fair value, recurring fair value measurements</b>						
Current investments	5,320,587	-	23,537,606	-	36,706,372	-
	<b>5,320,587</b>	<b>-</b>	<b>23,537,606</b>	<b>-</b>	<b>36,706,372</b>	<b>-</b>

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



**Palred Technology Services Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**27 Financial risk management**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes.

**A. 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.

**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 country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Currently, the Company is selling its Services only to Palred Online Technologies Private Limited, a fellow subsidiary of the Company and accordingly, no credit risk is perceived.

**Financial assets that are neither past due nor impaired**

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) were past due or impaired as at reporting periods. Other than trade receivables, the Company has no significant class of financial assets that is past due but not

**B. Liquidity risk**

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

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	14,165,646	24,712,294	38,128,498
Current liabilities	6,694,173	727,031	1,000,491
<b>Working capital</b>	<b>7,471,473</b>	<b>23,985,263</b>	<b>37,128,007</b>

All the contractual maturities of financial liabilities are current and expected to be paid in the next financial year.

**C. Market risk**

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



**Palred Technology Services Private Limited**

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

(All amounts in ₹ unless otherwise stated)

**28 Capital management**

The Companies objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

**29 Segment reporting**

The Company's business model and considering the internal financial reporting has identified "Business of providing information technology (IT) solutions and services including platform for database management" as the only reportable segment. Further, all operations of the Company are based only in India with single customer and hence, no separate financial disclosures have been provided for the segment reporting.

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

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

**A. Exemptions and exceptions availed**

**(a) Ind AS optional exemptions**

**(i) Deemed cost**

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

**(ii) Investment in subsidiaries**

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

**(b) Ind AS mandatory exceptions**

**(i) Estimates**

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

**(ii) De-recognition of financial assets and liabilities**

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



**Palred Technology Services Private Limited**

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

**(iii) Classification and measurement of financial assets**

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

**B. Reconciliations between previous GAAP and Ind AS****(a) Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

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

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

	31 March 2017
<b>Loss for the year as per previous GAAP</b>	(11,321,898)
<b>Adjustments:</b>	
Remeasurements of post-employment benefit obligations	(69,536)
<b>Total adjustments</b>	(69,536)
<b>Profit after tax as per Ind AS</b>	(11,391,434)
Other comprehensive income	69,536
<b>Total comprehensive income as per Ind AS</b>	(11,321,898)

**C. Notes to first-time adoption:****1 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2017 increased by ₹69,536. There is no impact on the total equity as at 31 March 2017.

**2 Retained earnings**

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

**3 Other comprehensive income**

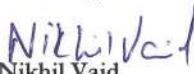
Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other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

**4 Statement of cash flows**

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

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

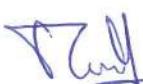
For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

  
Nikhil Vaid  
Partner  
Membership No.: 213356

Place: Hyderabad  
Date: 10 September 2018



For and on behalf of Board of Directors of  
**Palred Technology Services Private Limited**

  
MVLN Murthy  
Managing Director  
DIN : 07010804

  
Harish Naidu Pinekalapati  
Director  
DIN : 07010812

  
S. Vijaya Saradhi  
Director  
DIN: 03089889



Place: Hyderabad  
Date: 10 September 2018