



Date: October 4, 2016

To,

The Manager,
Department of Corporate Relations,
BSE Limited, PJ Towers,
Dalal Street, Fort
Mumbai- 400001.

Dear Sir/Madam,

SUB: Annual Report – 2015-2016

Scrip Code: BSE: 532521

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find herewith attached Annual Report of Palred Technologies Limited for the Financial Year 2015-2016 duly approved and adopted by the members at the 17th Annual General Meeting of the Company as per the provisions of the Companies Act, 2013.

This is for the information and records of the exchanges.

For Palred Technologies Limited

ARCHANA SASTRY
NUDURUPATI

Digitally signed by ARCHANA SASTRY
NUDURUPATI
Date: 2016.10.04 11:34:33 +05'30'

N Archana Sastry
Company Secretary

PALRED TECHNOLOGIES LIMITED

CIN No: L72200AP1999PLC033131

Plot No: 2, H. No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad – 500 034

Ph: + 91 40 67138810 : Website : www.palred.com



LatestOne
Tech deals online!

Annual Report 2015 - 2016

Palred Technologies Limited



PTron

 **Palred Stores**

CORPORATE INFORMATION

Board of Directors

Mr. Palem Srikanth Reddy (DIN: 00025889)	Chairman & Managing Director
Mr. S. Vijaya Saradhi (DIN: 03089889)	Independent Director
Mr. Atul Sharma (DIN: 07185499)	Independent Director
Mrs. Richa Patnaik (DIN: 07274527)	Independent Director

Company Secretary	Archana Sastry Nudurupati
--------------------------	---------------------------

Registered Office:	Palred Technologies Limited Plot No. 2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034, Telangana, India. Website: www.palred.com E-mail- company@palred.com CIN No. L72200AP1999PLC033131
---------------------------	--

Statutory Auditors	M/S WALKER CHANDIOK & CO., LLP Chartered Accountants Begumpet, Hyderabad
---------------------------	--

Internal Auditors	LAXMINIWAS & CO. 402 & 602, Moguls Court, Basheer Bagh, Hyderabad - 500 001.
--------------------------	--

Secretarial Auditor	S.S. REDDY & ASSOCIATES, Practicing Company Secretaries Plot No.6-3-354/13, A1, Suryateja Apartments, Hindi Nagar, Panjagutta, Hyderabad-500034
----------------------------	--

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

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

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

RISK MANAGEMENT COMMITTEE:

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

LISTED AT	National Stock Exchange of India Limited Bombay Stock Exchange Limited
-----------	---

DEMAT ISIN NUMBER IN NSDL & CDSL:	INE218G01033
-----------------------------------	--------------

WEBSITE	www.palred.com
INVESTOR E-MAIL ID	company@palred.com



Message from the Chairman and Managing Director

Dear Shareholders,

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

In the first full year of Operations, Palred Online Technologies Private Limited (LatestOne.com), earned a Gross Revenue of 60 Cr and Net Revenue of almost 40 Cr. LatestOne.com launched in October 2014 is India's only e-tailer specialized in tech and mobile accessories such as Bluetooth devices, mobile covers, tablet accessories, cables, power banks, Android TVs, headsets, smart watches, CCTV's etc. It stocks over 10,000 different products in its inventory and operates through its own fulfillment centers in Delhi and Mumbai. It attracts more than 1,00,000 visitors per day and has already served more than 1.2 million unique customers.

Our focus is now on making LatestOne.com successful. We have invested only INR 30 crores in the venture so far. In comparison to most of the other vertical focusedetailers in India we have achieved 5X – 10X output, for every Rupee invested. Due to several bad investments in the Industry, efficient companies such as ours are getting stereotyped. We are struggling to position the company correctly in such a difficult environment and maximum value for our shareholders. We will continue the challenging task of increasing the financial efficiency while increasing the revenue.

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

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

Thank You,

Palem Srikanth Reddy
Chairman and Managing Director

Notice to the 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of members of Palred Technologies Limited will be held on Friday, September 30, 2016 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 to transact the following business:

ORDINARY BUSINESS:

Item No: 1 – Adoption of Financial Statements:

To receive, consider and adopt the Audited Financial Statements, (including the Consolidated Financial Statements) of the Company for the financial year ended March 31, 2016 and reports of the Board of Directors and Auditors thereon.

Item No: 2 – Appointment of Auditors:

To Re-appoint Statutory Auditors of the Company and to fix their remuneration and to pass the following Resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 including any Statutory re-enactment thereof for the time being in force and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s Walker Chandio & Co LLP, Chartered Accountants, Hyderabad (Firm Registration No: 001076N/N500013) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of third consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM), and the Board of Directors be and is hereby authorised to fix the remuneration payable to them as may be determined by the Audit Committee in consultation with the Auditors.”

SPECIAL BUSINESS:

Item No: 3 -

PALRED EMPLOYEE STOCK OPTION SCHEME-2016:

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

“RESOLVED THAT in modification to Resolution No: 8 passed at the Annual General Meeting held on 27th November, 2013 and pursuant to section 62(1)(b) of the Companies Act, 2013 read with rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force and subject to SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as “SEBI (SBEB) Regulations” and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed by the above authorities while granting such approval, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Nomination and Remuneration Committee of the Board herein after referred to as “the Committee”) approval of the members be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, to such permanent employees (including joining employees) of the Company whether working in

India or out of India and directors of the company whether whole-time directors or otherwise excluding Independent Directors (hereinafter collectively referred as the “Employees”) who are eligible to participate as per the Regulations and as may be decided by the Board/Committee, under a plan titled “PALRED- ESOP Scheme 2016” (hereinafter referred to as “the Scheme”) the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 4,00,000 equity shares at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the ESOP Guidelines or any other applicable provisions as may be prevailing at that time, if any”

“RESOLVED FURTHER THAT the options or equity shares shall be allotted in accordance with the Scheme to a Trust formed for this purpose.”

“RESOLVED FURTHER THAT the Board and/ Committee be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.”

“RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall rank pari-passu inter se with the then existing equity shares of the Company in all respects including payment of dividend.”

“RESOLVED FURTHER THAT in case Palred Technologies Limited's equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the grant of option, the Board / Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI (SBEB) regulations and any other applicable laws and regulations to the extent relevant and applicable to the “PALRED-ESOP Scheme 2016”.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under “PALRED- ESOP Scheme 2016” on the Stock Exchanges where the shares of the Company are listed as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Guidelines and other applicable laws and regulations.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper

including to appoint Merchant Bankers, Solicitors, Registrars and other advisors, Consultants or Representatives, being incidental to the effective implementation and administration of PALRED-ESOP Scheme 2016” and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby also authorized to nominate and appoint one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorized to do for the purpose of giving effect to this resolution.”

ITEM NO: 4

PALRED EMPLOYEE STOCK OPTION SCHEME-2016 TO THE EMPLOYEES OF SUBSIDIARY COMPANIES:

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

“RESOLVED THAT pursuant to section 62(1)(b) of the Companies Act, 2013 read with rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force and subject to SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as “SEBI (SBEB) Regulations”) and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed by the above authorities while granting such approval, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Nomination and Remuneration Committee of the Board herein after referred to as “the Committee”) approval of the members be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the “PALRED- ESOP Scheme 2016” referred to in the resolution under item No. 3 in this Notice and duly passed at this meeting, also to such permanent employees (including joining employees) of the subsidiary companies including step down subsidiary companies whether working in India or out of India and directors of the company whether whole-time directors or otherwise excluding Independent Directors, as may be decided by the Board and / or Committee or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions at such price as may be decided by the Board and/or Committee”.

“RESOLVED FURTHER THAT in case Palred Technologies Limited’s equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

ITEM NO: 5:

ALLOTMENT OF EQUITY SHARES EXCEEDING 1% OF THE PAID UP CAPITAL OF THE COMPANY UNDER ESOP SCHEME – 2016:

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

“RESOLVED THAT in accordance with the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made there under or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Nomination and Remuneration Committee of the Board) approval of the members be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue of options or equity shares equal to or exceeding 1% of the paid up capital (including outstanding warrants and conversions) of the Company, in one or more tranches, the benefits of the Employees Stock Option Scheme-2016 referred to in the Resolutions under item nos. 3 and 4 in this notice and duly passed at this meeting, to such key permanent employees (including joining employees) of the Company as may be identified by the Committee for their outstanding performance / contribution at the time of grant of options whether working in India or out of India and Directors of the company whether whole-time directors or otherwise (hereinafter collectively as the “Employees”), options exercisable by the Employees under a plan titled “PALRED- ESOP Scheme 2016”, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board the salient features of which are detailed in the explanatory statement.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**by order of the Board of Directors
for Palred Technologies Limited**

Sd/-

Place: Hyderabad
Date: September 2, 2016

N Archana Sastry
Company Secretary

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder.

1. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before September 28, 2016, 09.00 AM. IST). A proxy form for the AGM is enclosed.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/ RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Books will remain closed on 24 September 2016 to 30 September 2016 for the purpose of AGM.
10. Members whose shareholding is in electronic mode are requested to direct change of address notification and update savings bank account details to their respective Depository Participant(s).
11. Members are requested to address all correspondence, including dividend and Capital Reduction related correspondence, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032.
12. Members wishing to claim dividends, which has remained unclaimed, are requested to correspond with Registrar and Share Transfer Agents, Company Secretary, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund.
13. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
14. The Annual Report 2015-16, the Notice of the 17th AGM and instructions for e-voting, along with the Attendance slip and Proxy form, are being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s), unless a member has requested for a physical copy of the documents. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.
15. Members may also note that the Notice of the 17th AGM and the Annual Report 2015-16 will be available on the Company's website, www.palred.com. The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: company@palred.com.
16. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Karvy Computershare Private Limited., Share Transfer Agents of the Company for their doing the needful.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032.

18. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
19. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
20. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited. The facility for voting through ballot paper Karvy Computer Share Private Limited will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are as hereunder.

Instructions for Remote e-Voting

1. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, Rule read Rule 20 of Companies (Management and Administration) Rules, 2014 substituted by of Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, September 23, 2016, i.e. (Cut off Date) are entitled to vote on the Resolutions set forth in this Notice. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote evoting for AGM.

The e-voting facility will be available during the following period

Commencement of e-voting	End of e-voting
September 27, 2016 at 09.00 AM	September 29, 2016 at 05.00 PM

Please read the instructions printed below before exercising your vote:

Procedure for remote e-voting

- I. The instructions for remote e-voting are as under:
 - (a) In case of Members receiving an e-mail from Karvy:
 - (i) Launch an internet browser and open <https://evoting.karvy.com>
 - (ii) Enter the login credentials (i.e. User ID and password). The Event No. Folio No. or DP ID- Client ID will be your User

ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- (iii) After entering the above details click on - Login.
- (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting Event
- (vi) Select the EVENT of Palred Technologies Limited and click on - Submit .
- (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at scrutinizer@snaco.net. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip
- (I) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVENT (E-Voting Event Number)	USER ID	PASS- WORD

(ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.

- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.

- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on Friday, 23rd September, 2016. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on September 27, 2016 and will end at 5.00 p.m. on, September 29, 2016. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the despatch of the Annual Report and before cut-off date (i.e. September 23, 2016), he/she may obtain the User ID in the manner mentioned below:
- (a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send
- (b) If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- (c) Member may call Karvy's toll free number 1-800-3454-001
- (d) Member may send an e-mail request to evoting@karvy.com
- IX) Mr. Sarveshwara Reddy, Practicing Company Secretary [MembershipNo.12611] has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- X) The Results and consolidated Scrutinizer's Report shall be declared not later than 3 days after the conclusion of the AGM. The Results declared alongwith the consolidated Scrutinizer's Report shall be placed on the Company's website: www.palred.com and on the website of Karvy immediately after the result is declared by the Chairman and the same shall be simultaneously communicated to the BSE Limited and National Stock Exchange of India Limited.
- XI) The resolutions shall be deemed to be passed on the date of the annual general meeting, subject to receipt of sufficient votes.

SMS :	MYEPWD <space> Event number + Folio No. or DP ID Client ID to 9212993399
Example for NSDL :	MYEPWD <SPACE> IN12345612345678
Example for CDSL :	MYEPWD <SPACE> 1402345612345678
Example for Physical :	MYEPWD <SPACE> XXX1234567

EXPLANATORY STATEMENT

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

Item No: 3-5:

The main objective of this scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market.

PALRED Employees Stock Option Scheme 2016 ('ESOP 2016' or 'the Scheme') will be administered by the Board/Nomination and Remuneration Committee ("Committee") of the Board in terms of the SEBI (Share Based Employee Benefit) Regulations, 2014.

The Board of Directors ('the Board') has identified the need to reward the Employees and the Directors (including the whole-time and Non-Executive Directors but excluding Independent Directors) of your Company and its subsidiaries so as to enable them to participate in the future growth and financial success of your Company and has proposed to offer the eligible Employees an option to acquire the equity shares of your Company under PALRED Employees Stock Option Scheme 2016. Further fresh Equity Shares are proposed to be issued under ESOP 2016 by the Company and the Scheme will be managed directly by the Nomination and Remuneration Committee.

The complete disclosures for the same are given in this explanatory statement. The Board has accordingly decided to seek the approval of the Members for the same.

The salient features of PALRED ESOP SCHEME 2016 are as under:

Total number of options to be granted	Not exceeding 4,00,000 (Four Lakh) options would be available for grant to the eligible employees of the Company and eligible employees of the subsidiary company(ies) in aggregate under PALRED- ESOP Scheme 2016", in one or more tranches exercisable in to 4,00,000 equity shares.
Identification of Classes of Employees entitled to participate in ESOP	<p>Eligibility for grant of options:</p> <ul style="list-style-type: none"> (i) Permanent Employees of the Company / its subsidiaries (ii) Directors of the Company / its subsidiaries <p>Employees not eligible for grant of options:</p> <ul style="list-style-type: none"> i. An employee who is a promoter or belongs to the promoter group ii. A director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 per cent of the outstanding equity shares of the Company at the time of granting of option iii. Independent Directors
Transferability of Employees Stock Options	The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option guarantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees with in the period as may be prescribed under PALRED ESOPS cheme 2016.
Requirement of Vesting and Period of Vesting	<p>The continuation of the employee in the service of the Company shall be a primary requirement of the vesting. There shall be a minimum period of one year between the date of grant of options and vesting of options. The maximum vesting period shall not exceed five years. The vesting shall happen in one or more tranches as may be decided by the Board.</p> <p>Vested options lapse due to non-exercise and/or unvested options that get cancelled due to resignation/termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to regrant such lapsed/cancelled options as per the provisions of PALRED - ESOP Scheme 2016.</p> <p>In the event of death of an employee or if he suffers permanent incapacity while in employment, all the options granted to him till the date of death or permanent incapacity, as the case may be, shall vest with his legal heirs / in him on that date.</p>
Maximum period within which the options shall be vested	The maximum period within which the options shall be vested would be five years from the date of grant.
Exercise Price or Pricing Formula	<p>"Exercise Price" means the price determined by the Nomination and Remuneration Committee from time to time at which the eligible Employees shall be authorized to exercise their Options.</p> <p>The Exercise price per Option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on date of grant of Option, which may be decided by the Committee.</p> <p>The Committee can give cashless exercise of Options, if required, to the employees and shall provide necessary procedures and/or mechanism for exercising such Options subject to applicable laws, rules and regulations.</p>

Exercise Period and Process of Exercise	The exercise period shall commence from the date of vesting and will expire not earlier than 5 years from the date of vesting of Options, i.e. where the options are vested in tranches, the 'date of vesting' referred to hereinabove, would be with reference to the actual vesting of the options at each tranche / phase or instalment of vesting. The options would be exercisable by submitting the requisite application form / exercise notice to the Company or such other person as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board and/or Committee. All the participants in the Scheme shall deliver a written notice of exercise, in the prescribed form, to the Board and/or Committee on or before the expiry of the exercise period.
Appraisal Process for determining the eligibility of employees for the Scheme	The appraisal process for determining the eligibility of the employee will be specified by the Board and will be based on any or all of the following criteria: <ul style="list-style-type: none"> • Performance of the employee • Position and responsibility of the employee • Present grade and compensation structure of the employee • Exceptional contribution made by the employee • Integrity and behaviour of the employee • Such other parameters as may be decided by the Board • The committee may at its discretion extend the benefits of the ESOP to a new entrant or any existing employee on such other basis as it may deem fit.
Maximum number of Options / Quantum of benefits to be issued per employee and in aggregate	The maximum number of options granted to any one employee/director in a year will be determined by Company in terms of resolution passed by the Shareholders according granting of Options/allotment of Equity Shares to any employee, which may exceed 1% of Paid up Capital of the Company. The aggregate of all such grants, as reduced by options lapsed, cancelled, forfeited or surrendered, shall not exceed 4,00,000 options convertible in to equivalent number of equity shares of Rs. 10/- each.
Confirmation with the Accounting Policies	The Company shall confirm to the Accounting Policies specified in Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the 'Guidance Note on Accounting for employee share based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein or applicable Accounting Standard as may be prescribed by the ICAI from time to time.
The method the Company shall use to value the options	The company shall follow the intrinsic value method to value the options. The difference between the employee compensation cost computed based on intrinsic value and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profit and on EPS of the Company shall also be disclosed in the Director's Report.

The equity shares allotted pursuant to the exercise of the Options shall be listed on the Stock Exchanges where Company's Equity Shares are listed and necessary applications will be made to those Stock Exchange(s) in this behalf.

Members may further note that the Company has at the Annual General Meeting held on 27th November, 2013, reserved 20,00,000 (Twenty Lak Equity Shares) for new Management of the Company) pursuant to slae of Business. This resolution is necessitated, keeping in view the requirements of SEBI (Share Based Employee Benefit) Regulations and Corporate Actions of Capital Reduction and Consolidation of Equity Share Capital of the the Company.

As per Regulation 6(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulations'), any Employees Stock Option Scheme must be approved by way of a Special Resolution. Further as the Scheme will entail further shares to be offered to persons other than existing Members of your Company, consent of the Members is required for issue of the equity shares and / or instruments entitling the holder to subscribe to or purchase equity shares, in terms of the provisions of Section 62(1)(b) of the Companies Act, 2013. Accordingly the resolution set out at Item No. 3 of the Notice convening the Meeting is being placed for approval of the Members.

Regulation 6(3) (c) of the Regulations requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to (a) eligible employees of the subsidiary companies. And (b) allotment of Shares to any employee Exceeding 1% of Paid up Capital of the Company. Accordingly the resolutions set out at Item Nos. 4 and 5 of the Notice convening the Meeting are being placed for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company and to the extent of the options / shares that may be offered to them, if any, under the Scheme.

**by order of the Board of Directors
for Palred Technologies Limited**

Place: Hyderabad
Date: September 2, 2016

Sd/-
N Archana Sastry
Company Secretary

Board's Report

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Palred') along with the audited financial statement for the financial Year ended March 31, 2016. The Consolidated performance of the Company and its subsidiaries has been referred to where required.

1. FINANCIAL SUMMARY, OPERATION/ RESULTS OF OUR OPERATION:

The financial performance during the financial year 2015-2016 is as hereunder:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	Audited	Audited	Audited	Audited
Income from operations	-	216.53	3,818.33	704.98
Total expenses	307.00	578.14	6,233.84	1,263.78
Profit / (Loss) from operations before other income, finance costs and exceptional items	(307.00)	(361.61)	(2,415.51)	(558.80)
Other income	230.00	621.43	306.90	650.51
Profit / (Loss) from ordinary activities before finance costs and exceptional items	(87.87)	259.29	(2,108.61)	91.71
Finance costs	(0.87)	(0.53)	(38.74)	(0.98)
Profit / (Loss) from ordinary activities after finance costs but before exceptional items	-	-	(2,147.35)	90.73
Exceptional items			-	-
Profit / (Loss) from ordinary activities before tax	(87.87)	259.29	(2,147.35)	90.73
Tax expense	(10.94)	Nil	(9.80)	(1.14)
Net Profit / (Loss) from ordinary activities after tax	(98.81)	259.29	(2,157.15)	89.59
Extraordinary items (net of tax expense)	-	-	-	-
Net Profit / (Loss) for the period/year	(98.81)	259.29	(2,157.15)	89.59
Paid-up equity share capital (Face value ₹10 per share) : (refer note 3)	821.31	1951.85	821.31	1,951.85
Reserve excluding revaluation reserves as per balance sheet of previous accounting year	5007.97	6948.39	3,299.62	7,014.24
Earnings Per Share (Basic and Diluted)	-0.89	1.32	(14.40)	0.64

Notes: The above figures are extracted from the standalone and consolidated financial statements.

Share Capital

- As detailed in the Annual Report 2014-2015, the Company has pursuant to Hon'ble High court order dated 09.06.2015, reduced the paid up capital of the Company to the extent of sixty percent which is in excess of the business requirements of the Company. The record date fixed by the Board of Directors for Reduction of Equity Share Capital was July 9, 2015. The company has paid Rs. 16.50/- per Equity Share to Equity Share Holders of the Company for 60% shareholding reduced by the Company. Consequently, the issued, subscribed and Paid-up capital shall stand reduced to Rs. 7,80,73,940 consisting of 1,56,14,788 Equity Shares of Rs. 5/- each pursuant to Capital reduction.
- The Company has allotted 8,11,379 fully paid-up equity shares of Rs. 5/- per share vide Preferential Allotment dated December 16, 2016.
- The Company has consolidated its 2 equity shares of Rs. 5 each into 1 equity share of Rs. 10 each in its Extra-Ordinary General meeting held on 13 November 2015. Subsequent to year ended 31 March 2016, the Company obtained the necessary approval from the stock exchanges and trading of equity shares with new face value of Rs. 10 per share has resumed effective from 9 May 2016. The effect of this consolidation of equity shares has been given in computing earnings per share of all periods presented.
- Pre-Consolidation, The Authorised and Paid up Capital of the Company is Rs. 35 Crores divided into (a) 5,60,77,600 Equity Shares of Rs. 5/- (Rupees Five Only) each and (b) 6,96,120 Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only).
 - Post Consolidation, the Authorised and Paid up Capital of the Company is Rs. 35 Crores divided into (a) 2,80,38,800 Equity Shares of Rs. 10/- (Rupees Ten Only) each and (b) 6,96,120 Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only).

Review of operations:

Revenues – standalone:

Our total income on a standalone basis is Rs. 220 Lakhs as against 621.43 Lakhs in previous year. The Change in Income is on account of Discontinuation of Online E-Commerce business from October 2014, which is operated by Subsidiary Company, Palred Online Technologies Private Limited.

Revenues – Consolidated

Our total income on a consolidated basis increased to Rs. 3818.33 Lakhs from Rs 704.98 Lakhs in the previous year. Our revenues from Palred Online Technologies Private Limited, the e-commerce subsidiary of the Company increased to Rs. 3809.93 Lakhs from 693.25 Lakhs in the previous year. The revenue for Palred Technology Services Private Limited is Rs. 38.4 Lakhs in the 2015-2016.

Profits/Loss - standalone

Loss on Standalone Basis is 98.81 Lakhs as against profit of Rs 259.29 Lakhs in Previous Year. The Change is on account of Discontinuation of Online E-Commerce business from October 2014, which is operated by Subsidiary Company, Palred Online Technologies Private Limited.

Profits/Loss - consolidated

Loss on a consolidated basis amounted to Rs. 2157.15 Lakhs as against Profits of Rs. 89.59 Lakhs in previous Year.

Distribution and Business Promotion Expenses amounted to Rs. 3474.46 and 428.93 Lakhs for the years ended March 31, 2016 and March 31, 2015.

Purchase of Stock was Rs. 1527.06 and 690.00 for the years ended March 31, 2016 and March 31, 2015.

Capital expenditure on tangible assets - standalone

This year, on a standalone basis, we capitalized Rs. 1.42 Lakhs. This Comprises Rs. 1.20 Lakhs for investment in Computer Equipment and the balance Rs 0.22 Lakhs on infrastructures.

Capital expenditure on tangible assets - consolidated

On a consolidated basis, we capitalised Rs. 83.02 Lakhs. During the current year, Rs 32.3 Lakhs has been invested in computer equipment and the balance Rs 51.72 Lakhs on Infrastructure.

Liquidity

We continue to be debt-free and maintain sufficient cash to meet our strategic objectives.

Particulars of Loans, guarantees and investments:

Loans, guarantees and investments covered u/s 186 of the Companies Act, 2013 form part of the financial Statements provided in the Annual report.

Dividend:

Since the Company has ventured in to new businesses after sale of its business and distribution of sale proceeds among its shareholders, your Board of Directors regret their inability to declare dividend for the financial year 2015-2016.

Transfer to Reserves:

The Company has not transferred/proposes to transfer any amount to Reserves.

Public Deposits:

Your Company has not accepted any deposits falling within the meaning of Sec. 73 of the Companies Act, 2013 and the Companies

(Acceptance of Deposits) Rules 2014, during the financial year under review.

Credit & Guarantee Facilities:

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

Corporate Social Responsibility Policy:

Since your Company does not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during preceding 3 financial years, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

Risk Management Policy:

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

Particulars of Contracts or Arrangements with related Parties:

Particulars of Contracts or arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013, in the Prescribed Form AOC-2, is appended as Annexure 2 to Board's Report.

Ratio of Remuneration to Each Director:

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

Material changes and commitments, affecting the financial position of the company between the end of the financial year of the company to which the financial statements relate and the date of the report:

- (1) The Shareholders of the Company, have at the Extra-Ordinary General Meeting held on 13 November 2015, approved consolidation of 2 equity shares of Rs. 5 each into 1 equity share of Rs. 10 each. Subsequent to year ended 31 March 2016, the Company obtained the necessary approval from the stock exchanges and trading of equity shares with new face value of Rs. 10 per share has resumed effective from 9 May 2016.
- (2) As on March 31, 2016 the Company has 98.8% stake in Palred Technology Services Private Limited. On June 20, 2016, the Company has acquire 100% stake by Acquisition of Beneficial Interest in shares of Palred Technology Services Private Limited, making it a wholly owned subsidiary of Palred Technologies Limited.

Management Discussion and Analysis:

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

II) BUSINESS

Strategy:

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

Subsidiaries:

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

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

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

During the year we have established 2 step down Subsidiaries

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

Palred Online Technologies Private Limited:

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

During the year the company has continued its aggressive growth and has declared a 450% growth in net revenue on a year on year basis. In a very short span of time, LatestOne.com has reached a milestone by achieving an average of 4000 orders per day, from an average of 100 orders per day in the beginning. The website receives over 3.5 Million visitors in a month and till date has successfully shipped / delivered more than one million orders since the commencement of its operations.

The average order value on LatestOne.com has increased from INR 450 in 2014-2015 to INR 700 in 2015-2016, The market size of Tech & Mobile accessories market in India is estimated at Rs. 18,000 crores by Value, It is the fastest growing product range in the online category and the Market is expected to grow 20-25% year-on-year for the next 3 years.

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

Post Closure of Financial Year, the Company has developed a hybrid model and converted the existing Business Model into a managed marketplace. The Company also established a Fulfillment Centre in Mumbai.

Palred Technology Services Private Limited.

Palred Technology Services Private Limited is the IT vertical of Palred. It provides IT solutions to access relevant data, provided in a timely and cost-effective manner, development of software program for ecommerce portal latestone.com.

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

Highlights of performance of subsidiary companies and their contribution to the overall performance of the company

during the period under report have been indicated in the Boards' Report, wherever required. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-I is appended as Annexure 1 to the Board's report. The statement provides the details of performance and financial positions of each of the subsidiaries.

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

Investment in Subsidiaries:

- a) Palred Online Technologies Private Limited:

On July 29, 2015 and May 30, 2016, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 10 crores and Rs. 5 Crores respectively in Palred Online Technologies Private Limited.

The Company has undertaken valuation by an independent valuer and accordingly the investment was made at Rs. 11.50/- per share including a premium of Rs.1.50/- per share .

The Company holds 82% stake in the said subsidiary.

- b) Palred Technology Services Private Limited:

On July 29, 2015, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 5 Crores in Palred Technology Services Private Limited.

The Company holds 99.8% stake in the said Subsidiary.

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

Branding:

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

III. HUMAN RESOURCE MANAGEMENT

Post sale of Business in 2013, the Company has been venturing new areas of operations. We have received 450 (Approximate) applications from prospective employees. Palred group added 200 employees during 2015-2016, taking the total strength to 185 as on 31.03.2016 from 93 as on 31.03.2015.

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

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

Particulars of employees

The ratio of remuneration of each director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Board's report. (Annexure 3).

IV. CORPORATE GOVERNANCE

Our Corporate Governance Philosophy:

An effective corporate governance is crucial for the management of a company's business affairs as well as for money market communication. Our commitment to higher corporate governance standards is our chance to demonstrate our dedication to well-balanced and transparent rules to the market participants and emphasize the importance of our clearly defined management tools and responsibilities internally

Palred believes that sound corporate governance is critical to enhance and retain investor trust. Accordingly, we always seek to attain performance with integrity. The Board extends its fiduciary responsibilities in the widest sense of the term and aims at enhancing long term shareholder value and respect minority rights in all business decisions.

Palred in its continuous initiative and drive towards good governance and accountability, has upheld the corporate governance through ethical business practices, integrity and transparent business operations. Palred has full support of the board and employees in the corporate governance initiative.

At the core of the corporate governance practice is the board, which oversees how the management serves and protects the interests of all the stakeholders of the company. Palred believes that an active, well informed and independent board is necessary to ensure highest standards of corporate governance.

Number of meetings of the Board

The Board met ten times during the financial year, the details of which are given in the Corporate governance report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Directors' appointment and remuneration

The company has majority of Independent Directors on Board. On March 31, 2016, the Board consists of four members, one executive Director and 3 are independent directors.

We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

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

Board evaluation

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

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

The Companies Act, 2013 states that a formal annual

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

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

The evaluation process has been explained in the Corporate Governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

Code of conduct

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics (the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available on our website, www.palred.com.

All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2016.

A declaration to this effect, Signed by the Chairman and MD forms part of the Annual Report.

Independent directors

The Companies Act, 2013 provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on the passing of a special resolution by the shareholders of the Company. Accordingly, all independent directors were appointed by the shareholders Annual General Meeting as required under Section 149(10).

Further, Section 149(11) states that no independent director shall be eligible to serve on the board for more than two consecutive terms of five years. Section 149(13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors. None of the independent directors will retire at the ensuing AGM.

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directors and Key Managerial Personnel :

Mr. Palem Srikanth Reddy is the Chairman and Managing Director of the Company. Mrs. Richa Patnaik, Mr. Atul Sharma and Mr. S. Vijaya Saradhi are the Independent Directors on Board of Palred.

Inductions and Resignations:

- a) Mr. Atul Sharma, Mr. S. Vijaya Saradhi and Mrs. Richa Patnaik have been appointed as Independent Directors at the AGM held on 30.09.2015 for a period of 5 years.
- b) The Board on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. N Archana Sastry as Company Secretary effective, October 15, 2015.
- c) Mr. T.R.Sivarama Krishnan, and Mr Mohan Krishna Reddy have resigned from the post of Directors w.e.f. 14.08.2015.
- d) Ms. A. Amala has resigned resigned from the post of Directors w.e.f. 29.08.2015 respectively.
- e) Mr. E. Srinivas Prasad has resigned from the post of Director w.e.f 31.08.2015

Committees of the Board:

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

Internal financial control and its adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

Significant and material orders

There are no Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Extract of annual return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 4 to the Boards' report.

Secretarial Standards:

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

Vigil Mechanism:

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

Directors' responsibility statement

The financial statements are prepared in accordance with mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from the prescribed accounting standards in the adoption of these standards.

The directors confirm that:

- In preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls, which are adequate and are operating effectively
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

V. Auditors
Statutory auditors

At the Annual General Meeting held on September 30, 2015, Walker Chandio & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the next Annual General Meeting to be held in the calendar year 2016.

The Company has already received letter from them to the effect that their appointment, if made by the shareholders, would be within the prescribed limits and that they are not disqualified for re-appointment within the meaning of the Companies act 2013. The Board of Directors recommend their re-appointment for the financial year 2015-16. Accordingly, the re-appointment of Walker Chandio & Co. LLP, Chartered Accountants, as statutory auditors of the Company, is placed for approval by the shareholders.

The Auditors' Report for financial year 2015-2016 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Internal Audit:

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

The Board has re-appointed M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad as Internal Auditors for the Financial Year 2016-2017.

Secretarial auditor

Mr. S. Sarweswar Reddy & Co, Practicing Company Secretary, was appointed to conduct the secretarial audit of the Company for the financial year 2015-2016, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for financial year

2015-2016 forms part of the Annual Report as Annexure 5 to the Board's report. After the sale of business, the Company does not have any operating business yet and is still in the process of appointing right candidate as CFO.

The Board has re-appointed S. Sarweswar Reddy & Co, Practicing Company Secretary, as secretarial auditor of the Company for financial year 2016-2017.

Auditors' certificate on corporate governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors' certificate on corporate governance is enclosed as Annexure 6 to the Board's report. The auditors' certificate for financial year 2015-2016 does not contain any qualification, reservation or adverse remark.

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

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

A. Conservation of Energy:

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

B. Technology Absorption:

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

C. Foreign Exchange Earnings and Out Go:

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

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

No. of complaints received: Nil

No. of complaints disposed off: Nil

Industry Based Disclosures As Mandated By the Respective Laws Governing The Company

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

INSURANCE:

The properties and assets of your Company are adequately insured.

DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

ACKNOWLEDGEMENTS:

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

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

For and on behalf of the Board
Palred Technologies Limited

Sd/-

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

Place : Hyderabad
Date : September 2, 2016

Annexures to the Board's Report

Annexure 1- Statement Containing the salient features of the financial statements of subsidiaries (As on March 31, 2016).

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

(Rs. In Lakhs)

Sl. No.	Name of the subsidiary	Share capital	Reserves & surplus	Total assets	Total Liabilities (Excluding Share Capital, Reserves and Surplus)	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	% of share-holding
1	Palred Online Technologies Private Limited	2469.13*	(1784.68)	(37,69.06)	3084.61	2468.51	3809.93	(1688,42)	-	(1687.28)	79%
2	Palred Technology Services Private Limited*	601.00	(98.19)	513.75	10.94	487.72	38.40	(88.32)	-	(88.31)	99.8%

- Notes:**
- Names of subsidiaries which are yet to commence operations - Nil
 - Names of subsidiaries which have been liquidated or sold during the year- Nil
 - * The paid up Capital of the Company as on date of this Report is 2903.91 Lakhs

Annexure 2 - Particulars of contracts/arrangements entered into by the company with related parties.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

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

Name(s) of the related party	Nature of relationship	Duration of the contracts	Salient terms	Date(s) of approval by the Board, if any:	Amount
Investment in Equity					
1. Palred Online Technologies Private Limited	Subsidiary Company	Refer Note 1	Refer Note 1	Refer Note 1	Rs. 30 Crores
2. Palred Technology Services Private Limited	Subsidiary Company	Refer Note 2	Refer Note 2	Refer Note 2	Rs. 5 crores
3. Palem Supriya Reddy	Relative of Managing Director	5 years w.e.f 01.01.2014	Refer note 3	Refer note 3	Refer note 3

Notes:

- The Board of Directors of Palred Technologies Limited have at the Board Meeting held on July 29, 2015 approved investment of Rs. 10 Crores in Palred Online Technologies Limited Private Limited at Rs. 11.5/- per share (Face Value Of Rs. 10/- per share at a premium of Rs. 1.50/- per Equity Share) . Further, at the Board Meetings Held on October 15, 2015, February 17, 2016 and EGM held on November 13, 2015, the Company has decided to Invest Rs. 20 Crores. The same is reflected as Share Application Money, pending allotment as on 31.03.2016.
- The Board of Directors of Palred Technologies Limited have at the Board Meeting held on July 29, 2015 approved investment of Rs. 5 Crores in Palred Technology Services Limited at Rs. 10/- per share.
- The Company has at the AGM held on 29.09.2014 approved Related Party Transaction with Mrs. Palem Supriya Reddy, for lease of office premises at Rs. 2 lacs Per Month for a period of 5 years commencing from 1st January, 2014 and renewable for a further similar period by mutual consent.

By Order of the Board
For Palred Technologies Limited

Sd/-
Palem Srikanth Reddy
Chairman and Managing Director

Annexure 3 - Particulars of Employees

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

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

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

Remuneration paid to Whole Time Directors

Name of Director	DIN	Title	Remuneration in Fiscal 2016	Remuneration in Fiscal 2015	% increase	Ratio of the remuneration of director to the median remuneration of the employees of the company for the financial year 2015-2016;	Percentage increase in the median remuneration of employees in the financial year
Palem Srikanth Reddy	00025889	Chairman and Managing Director	30,00,000	30,00,000	NIL	3:1	Nil

Remuneration Paid to Independent Directors in Financial Year 2015-2016 - Nil

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

Percentage increase in remuneration of each Director and Company Secretary in the financial year 2015-2016 – Nil

Percentage increase in the median remuneration of employees in the financial year 2015-2016- Nil

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

By Order of the Board
For Palred Technologies Limited

Sd/-
Palem Srikanth Reddy
Chairman and Managing Director

Annexure 4 – Extract of Annual Return.
MGT 9
Extract of Annual Return as on the Financial Year 31.03.2016.

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No:	Name and Description of main products/Services	NIC Code pf the product/Service	% to total turnover of the Company
-	-	-	-

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

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of	Applicable
				Shares held	Section
1	Palred Technology Services Private Limited	U72200TG2015PTC097189	Subsidiary Company	99.8%	2(87)
2	Palred Online Technologies Private Limited	U22222TG2011PTC073292	Subsidiary Company	79%	2(87)

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

i) Category-wise Share Holding:-										
Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1	Indian									
	Individual/ HUF	183,30,304	-	183,30,304	46.96%	73,10,781	-	73,10,781	44.51%	(2.45%)
	Central Govt	-	-	-	-	-	-	-	-	-
	State Govt (s)	-	-	-	-	-	-	-	-	-
	Bodies Corp.	-	-	-	-	-	-	-	-	-
	Banks / FI	-	-	-	-	-	-	-	-	-
	Any Other....	-	-	-	-	-	-	-	-	-
	Sub-total(A) (1)	183,30,304	-	183,30,304	46.96%	73,10,781	-	73,10,781.00	44.51%	(2.45%)
2	Foreign									
a)	NRIs -Individuals	-	-	-	-	-	-	-	-	-
b)	Other -Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks / FI	-	-	-	-	-	-	-	-	-
e)	Any Other....	-	-	-	-	-	-	-	-	-
	Sub-total(A) (2):-	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) =(A)(1)+(A)(2)	183,30,304	-	183,30,304	46.96%	73,10,781	-	73,10,781	44.51%	(2.45%)
B.	Public Shareholding									
1	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	300	-	300	0.00%	120	-	120	0.00%	0.00%
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FII's	7,36,022	-	7,36,022	1.89%	8,15,758	-	8,15,758	4.97%	3.08%
h)	Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	7,36,322	-	7,36,322	1.89%	8,15,878	-	8,15,878	4.97%	3.08%
2	Non Institutions									
a)	Bodies Corp.	-	-	-	-	-	-	-	-	-
i)	Indian	21,47,647	-	21,47,647	5.50%	8,74,883	-	8,74,883	5.33%	(0.18%)
ii)	Overseas	10,84,742	-	10,84,742	2.78%	4,33,896	-	4,33,896	2.64%	(0.14%)
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	88,29,000	27,740	88,56,740	22.69%	47,48,546	15,307	47,63,853	29.00%	6.31%
ii)	Individual shareholders holding nominal share capital in excess of Rs 1lakh	63,77,350	-	63,77,350	16.34%	14,60,479	-	14,60,479	8.89%	(7.45%)
c)	Others (specify)									
1	NRIs -Individuals	3,69,723	-	3,69,723	0.95%	1,27,779	-	1,27,779	0.78%	(0.17%)
2	Trusts	200	-	200	0.00%	80	820	900	0.01%	0.00%
3	Clearing Members	23,910	-	23,910	0.06%	16,422	-	16,422	0.01%	(0.05%)
5	Foreign Nationals	10,92,768	17,264	11,10,032	2.84%	6,14,391	6,905	6,21,296	3.78%	0.94%
	Sub-total (B)(2):-	199,25,340	45,004	199,70,344	51.16%	82,76,476	23,032	82,99,508	0.47	0
	Total Public Share Holding (B)=(B)(1)+(B)(2)	206,61,662	45,004	207,06,666	53.04%	90,92,354	23,032	91,15,386	55.49%	2.45%
C.	Shares held by Custodians	-	-	-	-	-	-	-	-	-
	Grand Total(A+B+C)	389,91,966	45,004	390,36,970	100%	164,03,135	23,032	164,26,167	100%	-

SHARE HOLDING PATTERN (Contd.)

ii) Shareholding of Promoters-										
Shareholder's Name		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
		Demat	Physical	Total	% to Total Shares of the Company	Demat	Physical	Total	% to Total Shares of the Company	
1	Palem Srikanth Reddy	29,01,508	-	29,01,508	7.43%	11,60,603	-	11,60,603	7.07%	-0.37%
2	Sanhita Reddy	50,00,000	-	50,00,000	12.81%	20,00,000	-	20,00,000	12.18%	-0.63%
3	Stuthi Reddy	50,00,000	-	50,00,000	12.81%	20,00,000	-	20,00,000	12.18%	-0.63%
4	Supriya Reddy Palem	50,00,000	-	50,00,000	12.81%	20,00,000	-	20,00,000	12.18%	-0.63%
5	P Soujanya Reddy	4,12,796	-	4,12,796	1.06%	1,43,238	-	1,43,238	0.87%	-0.19%
6	Dakshayani Reddy	3,000	-	3,000	0.01%	1,200	-	1,200	0.01%	0.00%
7	Palem Srinivas Reddy	13,000	-	13,000	0.03%	5,200	-	5,200	0.03%	0.00%
	Total	183,30,304	-	183,30,304	46.96%	73,10,241	-	73,10,241	44.50%	-2.45%

(iii) Change in Promoter Shareholding				
Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No: of Shares	% to Total Shares of the Company	No: of Shares	% to Total Shares of the Company
Palem Srikanth Reddy				
At the Beginning of the year	29,01,508	7.43%	29,01,508	7.43%
Decrease due to Capital Reduction	17,40,905		11,60,603	7.43%
At the end of the Year			11,60,603	7.07%
Sanhita Reddy				
At the Beginning of the year	50,00,000	12.81%	50,00,000	12.81%
Decrease due to Capital Reduction	30,00,000		20,00,000	12.81%
At the end of the Year			20,00,000	12.18%
Stuthi Reddy				
At the Beginning of the year	50,00,000	12.81%	50,00,000	12.81%
Decrease due to Capital Reduction	30,00,000		20,00,000	12.81%
At the end of the Year			20,00,000	12.18%
Supriya Reddy Palem				
At the Beginning of the year	50,00,000	12.81%	50,00,000	12.81%
Decrease due to Capital Reduction	30,00,000		20,00,000	12.81%
At the end of the Year			20,00,000	12.18%
P Soujanya Reddy				
At the Beginning of the year	4,12,796	1.06%	4,12,796	1.06%
Transactions (Purchase/Sale) from April 1st, 2015 upto Capital Reduction	54,701	0.14%	3,58,095	0.92%
Decrease due to Capital Reduction	2,14,857		1,43,238	0.92%
At the end of the Year			1,43,238	0.87%
Dakshayani Reddy				
At the Beginning of the year	3,000	0.01%	3,000	0.01%
Decrease due to Capital Reduction	-1,800		1,200	0.01%
At the end of the Year			1,200	0.01%
Palem Srinivas Reddy				
At the Beginning of the year	13,000	0.03%	13,000	0.03%
Decrease due to Capital Reduction	-7,800		5,200	0.03%
At the end of the Year			5,200	0.03%

(iii) Shareholding of top 10 shareholders (other than directors and promoters)				
Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No: of Shares	% to Total Shares of the Company	No: of Shares	% to Total Shares of the Company
Passage to India Master Fund Limited				
At the Beginning of the year	6,38,000	1.63%	6,38,000	1.63%
Transactions (Purchase/Sale) from April 1st, 2015 upto Capital Reduction	2,42,196	0.62%	8,80,196	2.25%
Decrease due to Capital Reduction	-5,28,118		3,52,078	2.25%
Allotment on December 16, 2015	4,43,185	2.70%	7,95,263	4.84%
At the end of the Year			7,95,263	4.84%
Amol Sharadh Chauhan				
At the Beginning of the year	7,45,000	1.91%	7,45,000	1.91%
Decrease due to Capital Reduction	4,47,000		2,98,000	1.91%
At the end of the Year			2,98,000	1.81%
Ashish Dhawan				
At the Beginning of the year	13,42,641	3.44%	13,42,641	3.44%
Transactions (Purchase/Sale) from April 1st, 2015 upto Capital Reduction	96,894	0.25%	14,39,535	3.69%
Decrease due to Capital Reduction	8,63,721		5,75,814	3.51%
Allotment on December 16, 2015	90,909	0.55%	6,66,723	3.51%
At the end of the Year			5,75,814	3.51%
Parle Biscuits Limited				
At the Beginning of the year	7,00,000	1.79%	7,00,000	1.79%
Decrease due to Capital Reduction	4,20,000		2,80,000	1.79%
At the end of the Year			2,80,000	1.70%
Teo Ser Luck				
At the Beginning of the year	3,41,516	0.87%	3,41,516	0.87%
Decrease due to Capital Reduction	2,04,910		1,36,606	0.87%
At the end of the Year			1,36,606	0.83%
Keen Whye Lee				
At the Beginning of the year	5,31,252	1.36%	5,31,252	1.36%
Decrease due to Capital Reduction	3,18,751		2,12,500	1.36%
Allotment on December 16, 2015	59,100	0.36%	2,71,600	1.65%
At the end of the Year			2,71,600	1.65%
Mathew Cyriac				
At the Beginning of the year	1,58,902	0.41%	1,58,902	0.41%
Transactions (Purchase/Sale) from April 1st, 2015 upto Capital Reduction	2,50,000	0.64%	4,08,902	1.05%
Decrease due to Capital Reduction	2,45,341		1,63,560	1.05%
At the end of the Year			1,63,560	0.996%
Six Rivers Group Limited				
At the Beginning of the year	10,84,742	2.78%	10,84,742	2.78%
Decrease due to Capital Reduction	6,50,845		4,33,896	2.78%
At the end of the Year			4,33,896	2.64%

(iii) Shareholding of Directors and KMP				
Name of Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No: of Shares	% to Total Shares of the Company	No: of Shares	% to Total Shares of the Company
Palem Srikanth Reddy				
At the Beginning of the year	29,01,508	7.43%	29,01,508	7.43%
Decrease due to Capital Reduction	17,40,905		11,60,603	7.43%
At the end of the Year			11,60,603	7.07%
Atul Sharma				
At the Beginning of the year	25,000	0.06%	25,000	0.06%
Decrease due to Capital Reduction	15,000		10,000	0.06%
Transactions (Purchase/Sale) after Capital Reduction	10,000	0.06%	-	-
At the end of the Year			-	-
S. Vijay Saradhi				
At the Beginning of the year	2,000	0.01%	2,000	0.01%
Decrease due to Capital Reduction	1,200		800	
At the end of the Year			800	0.00%

Mrs. Richa Patnaik (Director) and Mrs. N Archana Sastry (Company Secretary) did not hold shares during the Financial Year 2015-2016.

V) Indebtedness:

The Company has not availed any Loan during the financial year and is debt-free Company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:			
S.No:	Particulars of Remuneration (per Annum)	Name of MD/MTD/Manager Mr. Palem Srikanth Reddy	Total Amount
	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,00,000	30,00,000
1	(b) Value of perquisites u/s 17(2)	-	-
	Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit- Others, specify...	-	-
5	Others, please specify	-	-
6	Total (A)	30,00,000	30,00,000
7	Ceiling as per the Act	84,00,000/- (Pursuant to Schedule V)	

B. Remuneration to other directors:			
Sl. No.	Particulars of Remuneration	Name of Director	Total
		S. Vijaya Saradhi	
1	Independent Directors • Fee for attending board / committee meetings • Commission	20,000	20,000
	Others, please specify	-	-
	Total (1)	20,000	20,000
2	Other Non-Executive Directors	-	-
	Total (B)=(1+2)	20,000	20,000
	Total Managerial Remuneration	20,000	20,000
	Overall Ceiling as per the Act	Sitting Fee of Rs. 1,00,000 per Board Meeting.	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD			
Sl.No. Part	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary*	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,65,000	1,65,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
		-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit- others, specify...	-	-
5	Others,		
6	Total	1,65,000	1,65,000

*for the period October 15 2016 to March 31, 2016.

VII) Penalties, Punishments and Compounding of offences - Nil

Annexure 5

FORM MR-3 SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To
The Members of
M/s. Palred Technologies Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2015 and ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Palred Technologies Limited ("The Company") for the financial year ended on 31st March, 2016, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) is furnished hereunder for the financial year 2015-16
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable. Except yearly and event based disclosures.
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; During the year the company has issued 8,11,379 equity shares and complied with relevant regulations of ICDR and completed the allotment of equity shares.

- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -Not Applicable.
- iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable.
- v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; Not Applicable.
- vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 Not Applicable.
- vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable
- viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for fair disclosure, 2015 and displayed the same on company's Website i.e www.palred.com and all required disclosures from time to time as and when applicable are complied with.
- ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
 - The Company has signed uniform listing agreement with BSE Limited and National Stock Exchange of India Limited;
 - The Company has framed the policies as mentioned below and displayed the same on the Company's website i.e www.palred.com
 - Policy on Disclosure of Material Events
 - Policy on preservation of Documents
 - Risk Management Policy
3. During the year the company has conducted 10 Board meetings, 7 Audit committee meetings, 4 Nomination and Remuneration committee Meetings, 4 Stakeholder Relationship Committee Meetings and 1 Independent Directors Committee meeting. We have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
 - ii. Listing Agreements (till November 30, 2015) entered into by the Company with BSE Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)
4. During the financial year under report, the Company has

complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
 - i. The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - Foreign Direct Investment (FDI) was complied by the company under the financial year under report;
 - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
 - ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) We further report that:-
 - i. The company has a Company Secretary namely Mrs. Archana Sastry Nudurupati.
 - ii. The Company has the internal auditors namely M/s. Laxminiwas & Co. Chartered Accountants, Hyderabad.
 - iii. The Company has not appointed Chief Financial Officer during the financial year 2015-16
5. I have relied on the Management Representation made by the Managing Director for systems and mechanism formed by the Company to ensure the compliances under other applicable Acts, Laws and Regulations which are listed below:
 - a. Information Technologies Act 2000.
 - b. Software Technology Park of India Rules and Regulations.

- c. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund, ESIC, Compensation etc.,
- d. Clearance from Various Local Authorities.

6. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professional.

We further report that:-

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

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

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

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

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

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

C. P. No: 7478

Place : Hyderabad

Date : 02.09.2016

Annexure 6 – Auditors Report on Corporate Governance:**Auditors' Certificate on Corporate Governance:**

To
The Members of
Palred Technologies Limited, Hyderabad

We have examined the compliance of conditions of corporate governance by Palred Technologies Limited ('the Company') for the year ended 31 March, 2016, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with BSE Limited and National Stock Exchange of India Limited.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Listing Agreement/Listing Regulation, as applicable.

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

For S.S.Reddy & Associates
Company Secretary in whole-time Practice

Place: Hyderabad
Date : 02.09.2016

Sd/-
S. Sarveswar Reddy
Membership No: 12611
C.P.No.7478

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2015-2016

The Company is operating with the objects of building multiple verticals in IT and IT related businesses post-sale of the core business in October 2013. These new domains of business in which the company has invested during 2015-2016 include E-commerce in Mobile and Tech Accessories, IT services, and Software solutions for Media & Entertainment Business.

The Company has two subsidiaries, Palred Online Technologies Private Limited and Palred Online Technologies Private Limited. Palred together with its subsidiaries, is hereinafter referred to as “the Group.”

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

I. INDUSTRY STRUCTURE AND DEVELOPMENTS.

Ecommerce Overview

Palred Online Technologies is the ecommerce subsidiary of Palred Technologies Limited, which owns and operates Latestone.com. The ecommerce portal exclusively deals with sale of Tech Accessories online and is the exclusive seller of PTRON Products.

Mobile and Tech Accessories Market in India- 2015-16

The mobile and Tech Accessories Market share is estimated at Rs. 18,000 crores by Value and 40 crore units/quantities are sold in a year. Mobile Covers and Accessories take the major share followed by other Electronic Accessories. The Market is Expected to Grow 20-25% year-on-year for the next 3 years

E-commerce Market

E-Commerce market in India has enjoyed phenomenal growth of almost 50% in the last five years. Although the trend of e-Commerce has been making rounds in India for 15 years, the appropriate ecosystem has now started to fall in place. The considerable rise in the number of internet users, growing acceptability of online payments, the proliferation of internet-enabled devices and favorable demographics are the key factors driving the growth story of e-Commerce in the country. The number of users making online transactions has been on a rapid growth trajectory, and it is expected to grow from 11 million in 2011 to 38 million in 2015.

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

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

Information Technology Overview

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

The support and maintenance plan ensures that

- The content is always up to date, relevant and continually refreshed.
- The website is state of the art, incorporating new technologies and advanced solutions.
- The website is always online – and problems, if any, are fixed immediately.
- Support is available 24/7, being an inhouse provider.
- Traffic status and analyses are available to keep track of the site's progress

II FINANCIAL PERFORMANCE:

Sources of Funds

1. Share Capital

As on 31st March 2016, the Company has only one class of issued shares – Equity Shares of Par value of Rs. 5/- per share. The Authorised Capital of the Company is Rs. 35,00,00,000/- (Thirty Five Crores) divided into (a) 5,60,77,600 (Five Crore Sixty Lacs Seventy Seven thousand Six Hundred Only) shares of Rs. 5/- (Rupees Five Only) each and (and 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) Preference Shares of Rs.100/- each.

The issued, subscribed and paid up Capital is Rs. 8,21,30,835/- as at March 31, 2016 as against Rs. 19,51,84,850/- as on 31st March, 2015. As detailed in the Annual Report 2014-2015, the Company has pursuant to Hon'ble High court order dated 09.06.2015,

reduced the paid up capital of the Company to the extent of sixty percent which is in excess of the business requirements of the Company. The record date fixed by the Board of Directors for Reduction of Equity Share Capital was July 9, 2015. The company has paid Rs. 16.50/- per Equity Share to Equity Share Holders of the Company for 60% shareholding reduced by the Company. Consequently, the issued, subscribed and Paid-up capital shall stand reduced to Rs. 7,80,73,940 consisting of 1,56,14,788 Equity Shares of Rs. 5/- each pursuant to Capital reduction.

The Company has allotted 8,11,379 Equity Shares fully paid up shares of Face Value of Rs. 5/- per share at Rs. 110/- per equity shares (Nominal value of Rs. 5/- each at a premium of Rs. 105/- per share) pursuant to preferential issue approved by shareholders through Extra-Ordinary General Meeting held on November 13, 2015.

The Company has also Consolidated 2 Equity Shares of Rs. 5/- per share into one Equity Share of Rs. 10/- per share at the Extraordinary General Meeting held on November 13, 2016. The record date fixed by the Board of Directors was April 27, 2016. Post Consolidation, the Authorized Share Capital of the Company is Rs. 35,00,00,000 (Thirty Five Crores) divided into 2,80,38,800 (Two Crores Eighty Lakhs Thirty Eight Thousand Eight Hundred) Equity Shares of Rs. 10/- (Rupee Ten only) each and 6,96,120 (Six Lakhs Ninety Six Thousand One Hundred and Twenty) Preference Shares of Rs.100/- each.

The Paid up Equity Share Capital of the Company as on date of this report is Rs. 8,21,30,830 (Eight Crores Twenty one Lakhs Thirty Thousand Eight Hundred and Thirty) divided into 82,13,083 Equity Share of Rs. 10/- per share.

2. Reserves and Surplus:

Securities Premium Account.

On a Standalone and Consolidated Basis, the Balance as on March 31, 2016 was Rs. 46,71.3 Lakhs- as against Rs. 65,12.90 Lakhs/- as on March 31, 2015.

Subsequent to the approval of the High Court of Judicature at Hyderabad for the state of Telangana and Andhra Pradesh for reduction of 60% of the paid up equity share capital, the Company has returned an amount of Rs. 16.50 at a premium of Rs. 11.50 per share and cancelled and extinguished 60% of the equity shares of the Company of face value of Rs. 5 each in July 2015. The Reduction of Rs. 26,93,55,093 was on account of Capital Reduction of Shares.

The Addition of Rs. 8,51,94,795/- was on account of Preferential issue of 8,11,379 Equity Shares fully paid up shares of Face Value of Rs. 5/- per share at Rs. 110/- per equity shares (Nominal value of Rs. 5/- each at a premium of Rs. 105/- per share).

Capital reserve:

On a Standalone and Consolidated Basis, the Balance as at March 31, 2016, amounted to Rs. 142.8 Lakhs which was the same as previous year.

General Reserve

On a Standalone and Consolidated Basis, the balance as at March 31, 2016 stood at Rs. 1325.24 Lakhs which is the same as previous year.

Application of Funds:

3. Fixed Assets:

Additions to Gross Block – Standalone

During the year we capitalised Rs. 1.4 Lakhs to the Gross Block comprising Rs. 1.2 Lakhs for investment in Computer Equipment, 0.4 Lakhs in Intangible Assets and the Balance, Rs. 0.7 Lakhs in Office Equipment and Furniture and Fixtures.

Additions to Gross Block – Consolidated

During the year we capitalised Rs. 87.7 Lakhs to the Gross Block comprising Rs. 35.86. Lakhs for investment in Computer Equipment and the Balance, Rs. 28.56 Lakhs Furniture and the balance Office Equipment and Software etc.

4. Investments in Subsidiaries/ associates

a) Palred Online Technologies Private Limited:

On July 29, 2015 and May 30, 2016, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 10 crores and Rs. 5 Crores respectively in Palred Online Technologies Private Limited.

The Company has undertaken valuation by an independent valuer and accordingly the investment was made at Rs. 11.50/- per share including a premium of Rs.1.50/- per share.

The Company holds 82% stake in the said subsidiary as on date of this report.

b) Palred Technology Services Private Limited:

On July 29, 2015, the Board of Palred Technologies Limited, authorised the Company to invest Rs. 5 Crores in Palred Technology Services Private Limited.

Subsequently, the Company has acquired Beneficial Interest from the shareholders on June 20, 2016

Palred Technology Services Private Limited is a wholly owned Subsidiary of Palred Technologies Limited and holds 100% stake in the Company as on date of this report.

5. Current Investments, Cash and Cash Equivalents:

On a standalone basis, balance in current investments is Rs. 573.66 Lakhs as compared to 7107.55 Lakhs as at March 31, 2015. The cash and bank balance stand at Rs. 40.34 Lakhs as at March 31, 2016 as compared to Rs 44.4 Lakhs as at March 31, 2015 (This includes Unclaimed Dividend Amount).

On a consolidated basis, balance in current and deposit accounts stands at Rs. 3409.23 as at March 31, 2016 as compared to Rs 7976.96 Lakhs as at March 31, 2015. The cash and bank balance stand at Rs. 318.11 Lakhs as at March 31, 2016 as compared to Rs 203.15 Lakhs as at March 31, 2015.

The reduction in Current Investments is on account of Capital Reduction of 60% of Share Capital @ 16.50/- per share to Shareholders, amounting to Rs. 3864.66 and investment of Rs. 1500 Lakhs in Subsidiary Companies during 2015-2016.

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

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

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Capital advances	-	-	-	-
Advances tax (net of provision)	306.89	312.36	310.73	312.36
MAT credit receivable	-	5.47	-	5.47
Deposit with statutory authorities	41.74	41.74	41.74	41.74
Security deposits	2.90	2.91	2.90	2.91
Total	351.53	362.49	355.37	362.49

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

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Prepaid expenses	2.09	1.97	18.74	3.39
Service tax receivable	-	-	0.72	--
Value added tax receivable	0.07	4.53	-	-
Vendor advances	0.82	-	42.47	44.55
Others	0.1	-	4.73	.34
Total	3.09	6.61	102.58	68.14

7. Liabilities

Current Liabilities

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Unpaid dividends	19.76	21.07	19.76	21.07
Unclaimed capital reduction	8.56	-	8.56	-
Liabilities for expenses	12.10	14.74	496	113.21
Statutory dues payable	3.79	3.66	351.58	19.27
Other liabilities	4.76	10.17	265.62	111.7
TOTAL	48.96	49.65	907.67	164.58

Details of Unpaid Dividend are as hereunder:

Particulars	2016	2015
Balance in unpaid dividend account (year: 2008-09)	0.94	0.93
Balance in unpaid dividend account (year: 2013-14)	18.82	20.13
Balance in unpaid capital reduction account	8.57	-

8. Provisions:

Long-term provisions:

Particulars	Standalone		Consolidated	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Provision for gratuity	1.75	0.43	5.23	1.17
Total	1.75	0.43	5.23	1.17

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

III. Results of our operations:

1. Income:

During the financial year ended 31 March 2014, Company had transferred its transportation and logistics software business and used the part of proceeds to refund it to the shareholders by way of dividends and reduction in share capital. Further, the Company also acquired investments in a subsidiary company engaged in the e-commerce activities and IT services.

On a standalone basis, the Company has earned Rs. 220 Lakhs as dividend income from non-trade investments.

As on date of this report, the Company has invested Rs. 2753 Lakhs in Palred Online Technologies Private Limited and Rs. 600 Lakhs cores in Palred Technology Services Private Limited.

Palred Online Technologies Private Limited has earned a net revenue of Rs. 38 Lakhs in FY 2015-2016 compared to Rs. 700 Lakhs in FY 2014-2015 resulting in 450% growth in net revenue year on year basis.

Palred Technology Services Private Limited has earned a Net Revenue of Rs. 38.4 Lakhs in its first year of operations.

Thus on a consolidated basis, the net revenue of the Company is Rs. 3818.33 Lakhs compared to Rs 704.98 Lakhs in previous year.

2. Expenditure:

On a Standalone Basis, the expenditure incurred towards employee benefit expenses is Rs. 100.08 Lakhs as against 135.78 Lakhs of previous year.

Other Expenses are Rs. 181.31 Lakhs as against 220.71 Lakhs of previous year.

On a Consolidated Basis, the Total Expenditure is Rs 6233.84 Lakhs. as against Rs. 1263.78 lakhs of Previous year.

3. Operating Profit:

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

On a Consolidated Basis, the company has incurred loss of Rs. 2157.15 .98 Lakhs Compared to profit of Rs. 89.59 Lakhs of Previous Year.

4. Depreciation and Amortisation

On a standalone basis, we provided Rs. 26.49 Lakhs and Rs. 36.49 Lakhs for the years ended March 31, 2016 and March 31, 2015, respectively.

On a consolidated basis, we provided Rs. 57.56 Lakhs and Rs. 43.68. Lakhs for the years ended March 31, 2016 and March 31, 2015, respectively.

5. Provision for Taxation:

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

6. Net Profit/Loss after tax:

On a standalone basis, the net loss is Rs. 98.81 Lakhs as against profit of Rs. 259.29 Lakhs of previous year(due to sale of Business).

On a consolidated basis, the net loss is Rs. 2157.15 Lakhs as against profit of Rs. 89.59 Lakhs of previous year (Due to sale of Business)

7. Liquidity:

On a standalone basis, the company has no operations. The Company has utilized Rs 1500 Lakhs for investing activities in subsidiaries during 2015-2016 compared to Rs 1353 during 2014-2015.

On a Consolidated Basis, the net cash used in operations is Rs. (2147.32) Lakhs as against 90.73 Lakhs net cash generated in previous Year.

8. Related Party Transactions:

These have been discussed in detail in notes to the standalone Financial Statements in Annual report and Annexure 2 in Boards Report.

9. Events occurring after Balance Sheet Date:

a. The Company has consolidated its 2 equity shares of Rs. 5 each into 1 equity shares of Rs. 10 each in its Extra Ordinary General meeting held on 13 November 2015. Subsequent to year end 31 March 2016, the Company obtained the requisite approval, including approval from the stock exchanges and resumed the trading with face of value Rs. 10 each effective from 9 May 2016.

b. Acquisition of Beneficial Interest in Palred Technology Services Private Limited:

The Company has acquired 100% beneficial Interest in Palred Technology services Private Limited, making it a wholly owned subsidiary of Palred Technologies Limited.

IV. STRATEGY, OUTLOOK, OPPORTUNITIES AND THREATS:

E-Commerce

A) Objective and Strategy:

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

- i. Vertical defined by high margin, highvolume, moderate value and small in size Products.
- ii. High value addition through ombination of technology, systems & processes, fulfillment capabilities and online sales.
- iii. Simplification of a complex business involving continuously changing products and thousands of stock keeping units (SKU)/items.
- iv. Competitive advantage and differentiation by above three parameters.
- v. Augment online sales with small format franchisee operated kiosks.
- vi. Superior ecommerce IT solution suitable to Indian markets –ranked above 90% by Google
- vii. End-to-end integration and implementation of Systems, Processes and Automation for efficient and scalable fulfillment operations.
- viii. Source from factories directly and private labelling (PTron), with high margins (above 60%)
- ix. Continuous and timely introduction of new products (ex: Power banks, Smart watches, Smart phone lens, VR Headsets etc).
- x. Sales and conversion focused traffic generation, monitoring and management with high ROI (above 5.0 on Gross Revenue)
- xi. Steady and continuous development of brand (LatestOne & PTron)
- xii. 25% direct / organic / seo generated sales by 2021.
- xiii. Establishment of Fulfilment Centers and
- xiv. Develop a hybrid model and converte it into a managed market place. This initiative will enhance speed to market and allow the customers to access the newly launched products quicker.

B) Outlook, Risks and Concerns

Ecommerce offers many competitive advantages, such as improved productivity, reduced costs, streamlined business processes, improved customer service and entry to the global business arena.

Operating an online business involves risks and challenges, but if merchants are aware of risks and observe best business practices to address these risks, they will be better able to reap the benefits from e-commerce. Some of the common issues and potential risks include Fulfilment Risks, Security Risks, and Payment Risks. The challenges faced by E-commerce Industry include Lack and Touch and Feel, Increased competition with the entry of global players and Low margins prompting e-commerce players to look at new business models.

The majority of the e-commerce companies are price players due to the stiff competition they face and the race to acquire maximum number of customers. This results in very low margins.

Information Technology

Objective and Strategy:

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

Human Resources

Intellectual Property Infringement

As product development/ website development depends on the intellectual property created by its employees, we need to ensure that

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

Risks and risk management and their implementation

Security breaches, fraud and customer disputes represent just some of the risks associated with e-Commerce when we accept credit card payments. A single incident involving a breach of sensitive data could result in fines, negative publicity and loss of trust, credibility of the organization.

Some of the risk management measures include:

Educating the team on risks- Everyone operating in the organization are having an understanding of the fraud and security risks involved in an e-commerce transaction.

The more informed the organization is, the easier it will be to combat online threats and to carry out risk mitigating measures.

Communicating organizational policies to customers- In order to avoid customer dissatisfaction and disputes, privacy policies will be made available to the public by placing in the website. A page that educates customers about our security practices and controls will be created.

Regular software updates with the newest versions of security software are implemented to avoid vulnerability to attack.

Financial Performance

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

VI. Internal control systems and adequacy

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

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

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

VII. Human Resources

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

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

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

Culture, Values and Leadership

Your Company has started operations in e-commerce as its new line of business. Your Company has a written code of conduct and ethics to make employees aware of ethical requirements and Whistle Blower Policy for reporting violations, if any.

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

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

Cautionary Statement:

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

CORPORATE GOVERNANCE REPORT

In accordance Listing (Obligations and Disclosure Requirements) Regulations, 2015, the report containing the details of Corporate Governance systems and processes at Palred Technologies Limited is as follows:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

DATE OF REPORT

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2016. The Report is updated as on the date of the report wherever applicable.

2. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

Listing regulations mandate that for a company with a executive chairman, at least half of the board should be independent directors. On March 31, 2016, our Board consists of four members, one is executive or whole-time director, while the remaining three are independent directors, constituting 75% of the Board's strength - more than the requirements of the Companies Act, 2013 and the SEBI Listing Regulations.

None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director.

The Board has been enriched with the advices and skills of the Independent Directors. None of the Independent Directors has any pecuniary or business relationship except receiving sitting fees.

Membership Term:

The Board periodically shares updates with the shareholders about appointments/re-appointment consistent with applicable statutes. Executive directors are appointed by the Shareholders for a maximum period of 5 years but are eligible for re-appointment upon completion of their term. An independent director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the passing of a special resolution by the Company.

The composition of the Board of Directors as on 31.03.2016 and details of number of Directorships/committee chairmanships/memberships attendance particulars is as under:

S. No.	Name of the Director	Category of Directors	Membership in Board of Other Companies *	Committee Memberships in other Companies	Committee Chairmanship in other companies
1	Mr. Palem Srikanth Reddy	Promoter - Chairman & Managing Director	7	-	-
2	Mr. S. Vijaya Saradhi	Independent Director	4	-	-
3	Mr. Atul Sharma	Independent Director	-	-	-
4	Mrs. Richa Patnaik	Independent Director	-	-	-

Notes : There are no inter-se relationship between the Board Members.

*Directorship in all other companies (Listed, unlisted, private i.e. subsidiaries and step down Subsidiaries other than Palred Technologies Limited.)

MEETINGS DURING THE YEAR

The Board of Directors duly met 10 times (1) 14-05-2015, (2) 10-07-2015, (3) 29-07-2015, (4) 14-08-2015, (5) 31-08-2015, (6) 15-10-2015, (7) 14-11-2015, (8) 16-12-2015, (9) 23-01-2016 (10) 17-02-2016 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Attendance of Directors during the financial year 2015-2016:

Name of the Director	No. of Board Meeting Director is entitled to attend	No. of Board Meeting Attended	Attendance in Last AGM
Mr. P. Srikanth Reddy	10	8	Yes
Mr. S. Vijaya Saradhi(1)	9	9	Yes
Mr. Atul Sharma(1)	9	1	No
Mrs. Richa Patnaik(2)	5	4	No
Mohana Krisna Reddy(3)	3	1	NA
T.R. Sivaramakrishnana(3)	3	-	NA
E Srinivas Prasad (5)	4	2	NA
M Amala(4)	4	4	NA

(1) Appointed with effect from May 14, 2015; (2) Appointed with effect from August 31, 2015; (3) Resigned with effect from August 14, 2015;

(4) Resigned with effect from August 29, 2015; (5) Resigned with effect from August 31, 2015

Independent Directors' Meeting

As per clause 7, Schedule IV of the Companies Act, 2013 and the Rules under it mandate that the independent directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management.

Accordingly, a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on January 23, 2016, to discuss:

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

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

The code of Conduct for Independent Directors and details of the familiarisation program is given at company's website (www.palred.com)

Materially significant related party transactions

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the Management, subsidiaries or relatives, except for those disclosed in the Board's report. Detailed information on materially significant related party transactions is enclosed as Annexure 2 to the Board's report.

C. Board committees :

Currently, the Board has 4 committees: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee. All committees except risk Management committee consist entirely of independent directors.

The Quorum for the meetings is either two members or One-third of the total number of members of the Committee, whichever is higher

2. AUDIT COMMITTEE

The Audit Committee comprises of 3 Independent Directors as on March 31, 2016:

1. Mr. S. Vijaya Saradhi - Chairperson
2. Mr. Atul Sharma - Member
3. Mrs. Richa Patnaik - Member

The Audit Committee was reconstituted twice due to change in Board of Directors during the financial year as under:

- i) July 10, 2015 appointing Mr. S. Vijaya Saradhi as Chairman and Member and Mr. Atul Sharma as Member.
- ii) August 31, 2015 admitting Mrs. Richa Patnaik as a member.

The Company Secretary acts as the Secretary to the Audit Committee

Audit Committee Attendance:

The Audit Committee held seven meetings during the year ended March 31, 2016 They were held on 1) 14-05-2015, 2) 29-07-2015 3) 14-08-2015, 4) 15-10-2015, 5) 14-11-2015 6) 23-01-2016 and 7) 17-02-2016.

The attendance details of Audit Committee are as follows.

Name of the Member	No: of Committee Meetings Director is entitled to attend	No: of Committee Meetings Attended
Mr. S. Vijaya Saradhi ⁽¹⁾	6	6
Mr. Atul Sharma ⁽¹⁾	6	1
Mrs. Richa Patnaik ⁽²⁾	4	4
Mr. A. Mohana Krishna Reddy ⁽³⁾	2	1
Mr. T. R. Sivaramakrishnan ⁽³⁾	3	-
Mr. E. Srinivas Prasad ⁽⁴⁾	3	3

(1) Appointed w.e.f 14.05.2015 (2) Appointed w.e.f. 31.08.2015

(3) Resigned w.e.f. 14.08.2015 (4) Resigned w.e.f. 31.08.2015

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - Any changes in accounting policies and practices;
 - Qualification in draft audit report;
 - Significant adjustments arising out of audit;
 - The going concern concept;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements concerning financial statements and
 - Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

Based on the committee's discussion with the Management and the auditors, its review of the representations of the Management and the report of the auditors, the committee has recommended the following to the Board:

- The audited financial statements prepared for the year ended March 31, 2016 be accepted by the Board as a true and fair statement of the financial status of the Company.
- The audited consolidated financial statements for the year ended March 31, 2016, be accepted by the Board as a true and fair statement of the financial status of the Group.
- The re-appointment of Walker Chandiok & Co. LLP, Chartered Accountants, as the statutory auditors of the Company, to audit standalone (financial statements and consolidated financial statements to hold office from the conclusion of the ensuing AGM to the conclusion of the next AGM.

- The appointment of Lakshminiwas & Co., as the internal auditors of the Company for the fiscal ending March 31, 2017, to review various operations of the Company, and determination and approval of the fee payable to them.
- The appointment of S.S. Reddy & Associates, Company Secretaries, as secretarial auditor for the fiscal year ending March 31, 2017 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Companies Act, 2013.
- Previous Annual General Meeting of the Company was held on 30th September 2015 and Mr. S. Vijaya Saradhi, Chairman of the Audit Committee, attended previous AGM.

3. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of 3 Independent Directors as on March 31, 2016:

1. Mr. S. Vijaya Saradhi - Chairperson
2. Mr. Atul Sharma - Member
3. Mrs. Richa Patnaik - Member

The Nomination and Remuneration Committee was reconstituted twice due to change in Board of Directors during the financial year as under:

- i) July 10, 2015 appointing Mr. S. Vijaya Saradhi as Chairman and Member and Mr. Atul Sharma as Member.
- ii) August 30, 2015 admitting Mrs. Richa Patnaik as a member.

Nomination and Remuneration Committee attendance:

The Nomination and Remuneration Committee held two meetings during the year ended March 31, 2016. They were held on 1) 31-08-2015, and 2) 15-02-2015. The attendance details of Nomination and Remuneration Committee are as follows.

Name of the Member	No: of Committee Meetings Director is entitled to attend	No; of Committee Meetings Attended
Mr. S. Vijaya Saradhi ⁽¹⁾	2	2
Mr. Atul Sharma ⁽¹⁾	2	-
Mrs. Richa Patnaik ⁽²⁾	1	1
Mr. E. Srinivas Prasad ⁽³⁾	1	1

(1) Appointed w.e.f 14.05.2015 (2) Appointed w.e.f. 31.08.2015

(3) Resigned w.e.f. 31.08.2015

BRIEF DESCRIPTION OF TERMS OF REFERENCE

To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:

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

Performance Evaluation Criteria for Independent Directors:

During the year, the committee under the guidance of the Board also formulated the criteria and framework for the performance evaluation of every Director on the Board, including the executive and independent directors and identified ongoing training and education programs to ensure that the non-executive directors are provided with adequate information regarding the business, the industry, and their legal responsibilities and duties.

REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2015-2016 AND OTHER DISCLOSURES AS ON MARCH 31, 2016

Name of the Director	Salary (Rs)	Sitting fees(Rs)	Number of shares held
Mr. Palem Srikanth Reddy	30,00,000	-	5,80,301*
Mr. S. Vijaya Saradhi	-	20,000	400*
Mr. Atul Sharma	-	-	-
Mrs. Richa Patnaik	-	-	-
Dr. T. R. Sivaramakrishnan	-	-	-
Mr. A. Mohanakrishna Reddy	-	-	-
Mr. E. Prasad Srinivas	-	-	-
Ms. M. Amala	-	10,000	-

*Post Consolidation of Equity Share Capital

The detailed Remuneration Policy is available on the website of the Company www.palred.com.

During the year Remuneration was paid only to Chairman and Managing Director. The Independent Directors are entitled only to sitting fees as detailed above.

STAKEHOLDER'S RELATIONSHIP COMMITTEE

The stakeholders Relationship Committee has the mandate to review and Redress stakeholder grievance.

Our Stakeholder Relationship Committee comprised of 2 Independent and 1 Executive Director as on March 31, 2016 and is headed by an Independent Director:

- Mrs. Richa Patnaik - Chairperson
- Mr. S. Vijaya Saradhi - Member
- Mr. P. Srikanth Reddy - Member

NAME AND DESIGNATION OF COMPLIANCE OFFICER

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) the Company Secretary is the Compliance Officer of the Company.

Stakeholder Relationship Committee Attendance:

During the Financial Year, the Committee met 4 times on 1) 14.05.2015, 2) 14-08-2015, 3)14-11-2015 and 4) 23-01-2016

Name of Member	No: of Committee Meetings Director is entitled to attend	No: of Committee Meetings Attended
Mrs. Richa Patnaik ⁽¹⁾	2	2
Mr. S. Vijaya Saradhi ⁽²⁾	3	3
Mr. P. Srikanth Reddy	4	4
Mr. A. Mohanakrishna Reddy ⁽³⁾	2	1
Ms. Amala ⁽⁴⁾	2	1

(1) Appointed w.e.f 31.08.2015 (2) Appointed w.e.f. 14.05.2015

(3) Resigned w.e.f. 14.08.2015 (4) Resigned with Effect from 29.08.2015

DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-2016

The Committee expresses satisfaction with the Company's Performance in dealing with investor grievances and its share transfer system.

The details of complaints resolved during financial year ended March 31, 2016 are as follows:

Nature of Complaints	Received	Resolved	Closing
Dividend/Annual report Related	37	37	Nil

The shareholding in dematerialised form as on March 31, 2016 was 99.8%.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprised on 2 Independent Directors and 1 Executive Director as on March 31, 2016:

- Mrs. P. Srikanth Reddy - Chairperson
- Mr. S. Vijaya Saradhi - Member
- Mr. Atul Sharma - Member

ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

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

The Committee held one meeting during the year on February 17, 2016 and it was attended by Mr. Palem Srikanth Reddy and Mrs. Richa Patnaik.

Board evaluation

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

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

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

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

The evaluation process has been explained in the Corporate Governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

Familiarization program for independent directors

All new independent directors inducted into the Board attend an orientation program. The details of training and familiarization program are provided in the Corporate Governance report and is also available on our website (www.palred.com). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. The format of the letter of appointment is available on our website. (www.palred.com)

Code of conduct for the prevention of insider trading

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

The Insider Trading Policy of the Company is available on our website www.palred.com.

Policies

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

The key policies that have been adopted by the Company are as follows:

Policy on Disclosure of Material Events	This policy applies to disclosures of material events affecting Palred Technologies Limited.
Document Retention and Archival Policy	The policy deals with the retention and archival of corporate records of Palred Technologies Limited
Code of Conduct for Insider Trading	The policy provides the framework in dealing with securities of the Company
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them
Related Party Policy	The policy regulates all transactions between the Company and its related parties.
Whistle Blower Policy	The Policy formulates the criteria for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
Fraud Detection Policy	The corporate fraud detection policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against Company.
Intellectual Property Policy and Management	This Policy aims to maintain absolute clarity on IPR related issues.
Code of Ethics for Directors, Senior Executive And Financial Officers.	This Policy outlines the Company's strategy to deter wrongdoing and promote the honest and ethical business conduct of our Directors, senior Executive and Financial Officers.

GENERAL BODY MEETINGS

Year Ended	DATE OF MEETING	VENUE	TIME	SPECIAL RESOLUTION PASSED
March 31, 2015	September 30, 2015	2 nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad - 500034	09.00AM	yes
	November 13, 2015 ⁽¹⁾	2 nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad - 500034	09.00 AM	yes
	April 4, 2015 ⁽¹⁾	2 nd Floor, Uma Plaza, Nagarjuna Circle, Road No: 12, Banjara Hills, Hyderabad - 500034	10.00AM	yes
March 31, 2014	September 29, 2014	Plot NO.2, 8-2-703/2/B, Road No.12, Banjara Hills, Hyderabad- 500034	10.00 A.M.	yes
March 31, 2013	November 11, 2013	8-2-703/2/B, Plot No.2, Road No. 12, Banjara Hills, Hyderabad, Andhra Pradesh	11.00 A.M.	yes

⁽¹⁾ Extraordinary General Meeting

POSTAL BALLOT

During the year the Company approached the shareholders once through Postal ballot, in April 2015. A snapshot of the voting results of the abovementioned postal ballot is as follows:

Date of Postal Ballot Notice: March 02, 2015

Voting Period: March 4, 2015 to April 3, 2015

Details of Declaration of Results: April 4, 2015

Date of Approval: April 4, 2015

Res No.	Name of the Resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes casted against	
				No: of votes	% For	Against	% Against
1	To reduce the paid-up equity share capital of the Company to the extent of 60%.	Special	1,80,82,322	1,80,80,075	99.99	2,247	0.01

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above through a postal ballot.

S. Sarveswar Reddy, Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for postal ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of KARVY for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut –off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical share holding).

The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the Company website, www.palred.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

Remote e-voting and ballot voting at the AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy to provide e-voting facility to all the members. Members whose names appear on the register of members as on September 23, 2016 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

Communication to the shareholders

The quarterly report, along with additional information and official news releases, are posted on our website, www.palred.com. The reports contain select financial data extracted from the audited consolidated financial statements. The quarterly / annual results are generally published in Financial Express or Business Standard and Andhra Prabha (a regional daily published from Hyderabad). Quarterly and annual financial statements and official news releases of Company and its Subsidiaries, are also posted on our website, www.palred.com.

The proceedings of the AGM are available on our website, www.palred.com.

General Shareholder Information - 17th AGM

Date and time	September 30, 2016, 9.00 AM
Venue	Registered Office: Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad, Telangana, India – 500034.
Cut off date	Friday, September 23, 2016
Book Closure Date	Saturday, September 24, 2016 – Friday, September 30, 2016 (Both Days Inclusive)

Financial year of the Company is 1st April to 31st March Every year

Quarter 1	1 st April to 30 th June
Quarter 2	1 st July to 30 th September
Quarter 3	1 st October to 31 st December
Quarter 4	1 st January to 31 st march

Registered Office Address:

Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad, Telangana, India – 500034.

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the year 2016-2017 to both the Stock Exchanges.

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited within stipulated time.



Stock Code:

Name of Exchange	Stock Code/Script name
NSE	PALREDTEC
BSE	532521

Market Price Data for the Financial Year 2015-2016

BSE			NSE		
Month	High Price	Low Price	Month	High Price	Low Price
Apr-15	30.4	17.05	Apr-15	30.6	17
May-15	29.1	20.7	May-15	29.5	20.85
Jun-15	44.7	27.3	Jun-15	44.75	27.25
Jul-15	48.7	40.45	Jul-15	48.75	40.5
Aug-15*	-	-	-	-	-
Sept- 15*	-	-	-	-	-
Oct-15	144	81.7	Oct-15	143	81.7
Nov-15	128	101.5	Nov-15	128	97
Dec-15	135	90	Dec-15	134.9	88.6
Jan-16	128.1	75.4	Jan-16	127.95	74.95
Feb-16	92	45.1	Feb-16	93.6	45.5
Mar-16	74	48.95	Mar-16	74.25	49.5

* Trading Suspended due to procedural Reasons

Registrar to an issue and Share Transfer Agents

M/s. Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500032
Phone Number: 040-67162222, 7161526, Fax: 040-23001153

Share Transfer System

We have a Board-level Stakeholders Relationship Committee to examine and redress complaints by shareholders and investors. The details of shares transferred and the nature of complaints are provided in the this Corporate Governance Report.

For shares transferred in physical form, the Company provides adequate notice to the seller before registering the transfer of shares.

The stakeholders relationship committee will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends, and change of address, shareholders should communicate with Karvy Computershare Private Limited, our registrar and share-transfer agent. Their address is published in this Corporate Governance Report and also available on the Website of the Company, Palred.com.

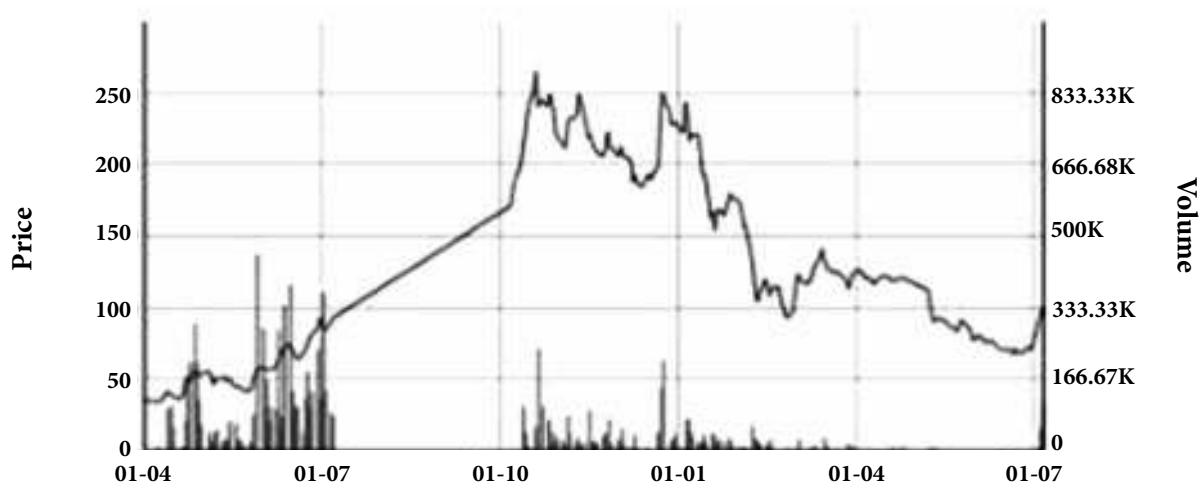
Share transactions are simpler and faster in electronic form. After a confirmation of a sale / purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register the transfer.

Distribution of Shareholding

DISTRIBUTION SCHEDULE AS ON 31/03/2016 ^s					
S.No.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	16392	94.98	11082585	13.49
2	5001 - 10000	412	2.39	3126635	3.81
3	10001 - 20000	215	1.25	3162445	3.85
4	20001 - 30000	99	0.57	2454345	2.99
5	30001 - 40000	41	0.24	1456350	1.77
6	40001 - 50000	20	0.12	915835	1.12
7	50001 - 100000	41	0.24	2800745	3.41
8	100001 & ABOVE	38	0.22	57131895	69.56
	Total:	17,258	100.00	8,21,30,835	100.00

^sPrior to Consolidation of Equity Share Capital.

Share-Price Chart



Dematerialisation of Shares and Connectivity.

Palred Shares are tradable in Electronic Form. The Company has established electronic connectivity through Karvy Computer Share Private Limited with both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE218G01033.

As on March 31, 2016 99.86% of the shares were held in Dematerialised form and the rest in physical form.

S. No.	Description	No of Holders	Shares	% To Equity
Demat Mode				
a	NSDL	11515	14136064	86.06
b	CDSL	5711	2267071	13.08
Total		17226	16403135	99.86
Physical Mode		32	23032	0.14
Grand Total:		17258	16426167	100

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

Address for Correspondence

Company Secretary
Plot No: 2, H. No: 8-2-703/2/B, Road No: 12,
Banjara Hills, Hyderabad – 500034.

In terms of Regulation 62 (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the designated email ID of the Company to redress investor complaints is company@palred.com

Grievance Redressal

Palred Technologies Ltd., follows up with the Depository Registrar and Transfer Agent on all complaints and enquiries received from shareholders with a view to resolving them quickly. For further assistance in this regard, shareholders are requested to contact

- Company Secretary
Palred Technologies Ltd.
e-mail: company@palred.com
- Depository Registrars and Share Transfer Agents of the Company
Karvy Computer Share Private Limited
Desk No.6F - 065 | 6-Floor | Karvy Selenium Tower-B, Plot No. 31 & 32 |
Financial Dist. | Gachibowli | Nanakramguda, Seri Lingampally |
Hyderabad - 500 032 | Telangana State | India.
Phone Nos.: +91 040 6716 1585 (D) | +91 040 6716 2222 (B) Fax No.: +91 2300 1153 |
Toll Free: 1800-345-4001 email: einward.ris@karvy.com
website: karvycomputershare.com

OTHER DISCLOSURES AS PER CLAUSE 10 OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

Disclosures on Materially Significant Related Party Transactions

During the year under review, the Company had not entered in to any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on arm's length. Detailed information on materially significant related party transactions is enclosed as Annexure 2 to the Board's report.

Details of Non-Compliance

No penalty has been imposed by any stock exchange, SEBI or SEC, nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.

Establishment of Vigil Mechanism, Whistler Blower policy etc.

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

Code of Conduct

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

The policy for determining Material Subsidiaries and related party transactions is displayed on www.palred.com.

COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS :

All mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 have been appropriately complied with and the company is always driven towards compliance with Non-Mandatory Requirements.

Compliance with Discretionary Requirements of Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Statutory Auditors have expressed an unmodified opinion on Financial statements of the Company.

Certificate of Practicing Company Secretary on corporate governance

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Practicing Company Secretary has also issued a certificate on corporate governance.

CEO certification

As required by SEBI (listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO certification is provided in this Annual Report.

Unclaimed Dividend

Section 205 of the Companies Act, 1956 (Section 124 of the Companies Act 2013) mandates that the Companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to Investor Protection and Education Fund (IPEF). In Accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IPEF.

Year	Type of Dividend	Dividend per share	Date of Declaration	Due Date for Transfer to IPEF	Amount (Rs.) [®]
2009-10	Interim	RS. 0.25 per share	July 28, 2009	September 03, 2016	Rs. 93,536
2012-13	Interim Dividend	Rs. 29/- Per Share	October 13, 2013	November 19, 2020	Rs. 19,81,570

[®]Amount unclaimed as on March 31, 2016.

Shareholders are cautioned that once the dividend is transferred to IPEF, no claim shall lie in respect thereof with the Company.

Dividend remitted to IPEF during the Last three Years:

Financial Year	Amount
2015-2016	Nil
2014-2015	1,84,421
2013-2014	Nil

Certificate of Code of Conduct for the year 2015-2016

PTL is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2015-2016.

ii) Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Companies Act, 2013.

iii) Non-Executive Directors' Compensation and Disclosures

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

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

**Sd/-
Palem Srikanth Reddy**

**Chairman and Managing Director
(DIN: 00025889)**

Place : Hyderabad
Date : 02.09.2016

CERTIFICATE BY THE MANAGING DIRECTOR OF THE COMPANY

To
The Board of Directors
Palred Technologies Limited

Dear Sirs,

I, Palem Srikanth Reddy, Chairman and Managing Director, to the best of my Knowledge and belief certifies that:

1. I have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of my knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,
4. That I have informed the auditors and the audit committee of:
 - a. Significant changes in the internal control during the year;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

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

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

Place : Hyderabad
Date : 02.09.2016

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Palred Technologies Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; 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, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiary companies, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - c) the consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2016 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, its subsidiary companies which are companies incorporated in India, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 30 May 2016 as per annexure A expressed unmodified opinion;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) as detailed in Note 24, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India.

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

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

Place : Hyderabad

Date : 30 May 2016

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2016

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of the Palred Technologies Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the consolidated financial statements for the year ended 31 March 2016

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**

Partner

Membership No.: 207660

Place : Hyderabad

Date : 30 May 2016



Palred Technologies Limited

Consolidated Balance Sheet as at 31 March 2016

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March	
		2016	2015
I. Equity and liabilities			
(1) Shareholders' funds			
(a) Share capital	3	82,130,835	195,184,850
(b) Reserves and surplus	4	329,961,680	701,424,040
Total Shareholders' funds		412,092,515	896,608,890
(2) Minority interest		8,506,832	26,044,000
(3) Non-current liabilities			
(a) Long-term provisions	5	522,977	116,599
(b) Deferred tax liabilities, net	6	-	113,993
Total non-current liabilities		522,977	230,592
(4) Current liabilities			
(a) Trade payables	7		
Total outstanding dues to micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		22,761,888	7,515,159
(b) Other current liabilities	8	90,766,792	16,457,816
(c) Short-term provisions	9	869	79,065
Total current liabilities		113,529,549	24,052,040
Total		534,651,873	946,935,522
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
-Tangible assets	10	12,439,554	8,545,779
-Intangible assets	11	36,744,287	24,903,821
		49,183,841	33,449,600
(b) Long term loans and advances	12	35,536,924	36,248,648
Total non-current assets		84,720,765	69,698,248
(2) Current assets			
(a) Inventories	13	56,088,481	46,619,726
(b) Current investments	14	340,922,925	797,696,375
(c) Cash and bank balances	15	31,811,738	20,315,242
(d) Short-term loans and advances	16	10,258,388	6,813,986
(e) Other current assets	17	10,849,576	5,791,945
Total current assets		449,931,108	877,237,274
Total		534,651,873	946,935,522

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements.

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

For Walker Chandiok & Co LLP
Chartered Accountantsper Sanjay Kumar Jain
PartnerPlace: Hyderabad
Date: 30 May 2016For and on behalf of the Board of Directors of
Palred Technologies LimitedPalem Srikanth Reddy
Chairman and Managing DirectorS.Vijaya Saradhi
DirectorArchana Nudurupati
Company SecretaryPlace: Hyderabad
Date: 30 May 2016

Palred Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2016

(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March	
		2016	2015
I Revenue from operations	18	381,833,077	70,498,470
II Other income	19	30,690,170	65,051,378
III Total revenue		412,523,247	135,549,848
IV Expenses			
Purchases of stock-in-trade		152,705,513	69,000,210
Changes in inventories of stock-in-trade	20	(9,468,755)	(44,637,453)
Employee benefits expense	21	47,467,640	22,186,992
Finance costs	22	3,874,333	98,037
Depreciation and amortization expense	10,11	5,755,852	4,367,900
Other expenses	23	426,923,647	75,460,508
Total expenses		627,258,230	126,476,194
V Profit/ (Loss) before tax		(214,734,983)	9,073,654
VI Tax expense			
Current tax		1,094,224	-
Deferred tax expense/(benefit)		(113,993)	113,994
VII Profit/ (Loss) after tax but before minority interest		(215,715,214)	8,959,660
Minority interest (share of loss)		(48,413,152)	(3,554,616)
VIII Profit/ (Loss) after minority interest		(167,302,062)	12,514,276

Earnings per equity share [EPES] [refer note 3(g)]

Basic and diluted EPES	(15.07)	0.64
Weighted average number of equity shares considered in calculating basic and diluted EPES	11,102,755	19,518,485
Par value of equity shares	10	10

The accompanying notes 1 to 32 are an integral part of these consolidated financial statements.

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 30 May 2016

For and on behalf of the Board of Directors of

Palred Technologies Limited
Palem Srikanth Reddy
Chairman and Managing Director

S.Vijaya Saradhi
Director

Archana Nudurupati
Company Secretary

Place: Hyderabad
Date: 30 May 2016

Palred Technologies Limited
Consolidated Cash Flow Statement for the year ended 31 March 2016

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2016	2015
Cash flows from operating activities		
Loss before tax	(214,734,983)	9,073,654
Adjustments:		
- Dividends from non-trade current investments	(30,651,009)	(62,863,180)
- Depreciation and amortization expense	5,755,852	4,367,900
- Employee benefits	328,182	151,008
- Finance cost	3,787,110	-
Operating loss before working capital changes	(235,514,848)	(49,270,618)
Movements in working capital:		
- (Increase)/decrease in other current assets	(5,057,631)	2,078,522
- Increase in short-term loans and advances	(3,444,402)	(4,570,568)
- (Increase)/decrease in long-term loans and advances	1,500	(2,532,661)
- Decrease in other non-current assets	-	16,740
- Increase in other current liabilities	69,376,304	6,687,460
- Increase in inventories	(9,468,755)	(33,917,414)
- Decrease in short-term provisions	-	(21,236)
- Increase in trade payables	15,246,729	5,063,970
Cash used in operations	(168,861,103)	(76,465,805)
Income taxes paid	(384,000)	-
Net cash used in operating activities (A)	(169,245,103)	(76,465,805)
Cash flows from investing activities		
- Purchase of fixed assets	(10,193,040)	(8,501,787)
- Cash acquired at the acquisition of subsidiaries	-	13,965,614
- Proceeds from deposits	-	192,306
- Proceeds of mutual funds	456,773,450	23,641,064
- Dividend received from non-trade current investment	30,651,009	62,863,180
Net cash generated from investing activities (B)	477,231,419	92,160,377
Cash flows from financing activities		
- Proceeds from issuance of equity shares	89,251,690	-
- Payment on account of capital reduction	(386,466,003)	-
- Contribution received from minority	-	100,000
Net cash generated from/(used in) financing activities (C)	(297,214,313)	100,000
Net increase in cash and cash equivalents (A+B+C)	10,772,003	15,794,572
Cash and cash equivalents at the beginning of the year	18,208,497	2,413,925
Cash and cash equivalents at the end of the year [refer note 15]	28,980,500	18,208,497

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

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

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 30 May 2016

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

Palem Srikanth Reddy
Chairman and Managing Director

S.Vijaya Saradhi
Director

Archana Nudurupati
Company Secretary

Place: Hyderabad
Date: 30 May 2016

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

1. Company Overview

Palred Technologies Limited (the ‘Company’) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company’s equity shares are listed on Bombay Stock Exchange (‘BSE’) and National Stock Exchange (‘NSE’). Palred Technologies Limited together with its subsidiaries (collectively referred to as “Group”) is engaged into providing IT solutions and IT services for media and entertainment and online e-commerce portal and trading online in computers, mobiles, electronic products, and computer peripherals.

2. Summary of significant accounting policies

(a) Basis of consolidation

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

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

Investments in consolidated entities, except where such investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined under AS 21 ‘Consolidated Financial Statements’, on a line by line basis. Inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated on consolidation. The following entities have been considered for the purpose of preparation of consolidated financial statements:

Name of the consolidating entities	Country of incorporation	Nature of interest	% of holding	
			As at 31 March 2016	As at 31 March 2015
Palred Online Technologies Private Limited (POT)	India	Subsidiary	79.34	77.85
Palred Technology Services Private Limited (PTS)	India	Subsidiary	99.83	99.01
Palred Technology Services Inc.*	U.S.A	Subsidiary	99.83	—

* Incorporated during financial year 2015-16

(b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Examples of such estimates include diminution in the value of long-term investments, impairment of goodwill, income taxes, future obligation under employee benefit plans, estimated useful lives of tangible and intangible assets, recognition of deferred tax assets, determination of realisability of inventory and classification of assets and liabilities into current and non-current. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

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

(All amounts in ₹ except otherwise stated)

(c) Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of tangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

(d) Depreciation on tangible assets

Depreciation on tangible fixed assets is provided using the written down value method, based on the useful life of the assets, as prescribed under Schedule II to the Act.

(e) Intangible assets

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

Intangible assets are amortized on a straight-line method based on useful life of assets i.e. 5 years.

(f) Goodwill

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

(g) Impairment

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

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

(h) Leases

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

(i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value, if any is made to recognize a decline other than temporary in the value of the investments..

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

(All amounts in ₹ except otherwise stated)

(j) Inventories

Inventories comprise of trading goods and are valued at the lower of cost and net realizable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

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

(k) Revenue recognition

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

Sale of goods

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

Dividends

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

(l) Foreign currency transactions*Initial recognition*

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

Conversion

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

Exchange differences

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

(m) Retirement and other employee benefits*Defined contribution plans*

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the Statement of Profit and Loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

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

(All amounts in ₹ except otherwise stated)

Defined benefit plans

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

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

(n) Employee stock option scheme and Sweat equity shares

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on 'Accounting for Employee Share-based Payments', issued by the ICAI. The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to statement of profit and loss on straight-line method over the vesting period of the options. The market value of the sweat equity shares issued for consideration other than cash is recognized as deferred employee shares compensation and is charged to statement of profit and loss.

(o) Income taxes

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

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

(p) Earnings per equity share

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

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

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

(All amounts in ₹ except otherwise stated)

(q) Provisions and contingent liabilities

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

(r) Cash and cash equivalents

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

This space has been intentionally left blank

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

(All amounts in ₹ unless otherwise stated)

3. Share capital

	As at 31 March	
	2016	2015
Authorized share capital		
56,077,600 (2015: 56,077,600) equity shares of ₹5 each (refer note (g))	280,388,000	280,388,000
696,120 (2015: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000	69,612,000
Issued, subscribed and fully paid-up equity shares		
16,426,167 (2015: 39,036,970) equity shares of ₹5 each (refer note (g))	82,130,835	195,184,850
Total issued, subscribed and fully paid-up equity share capital	82,130,835	195,184,850

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

	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	39,036,970	195,184,850	39,036,970	195,184,850
Add: Issue of shares	811,379	4,056,895	-	-
Less: Capital reduction of equity shares	(23,422,182)	(117,110,910)	-	-
Balance at the end of the year	16,426,167	82,130,835	39,036,970	195,184,850

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹5 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, except in case of interim dividend.

(c) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	2,000,000	12.18%	5,000,000	12.81%
Supriya Reddy Palem	2,000,000	12.18%	5,000,000	12.81%
Sanhita Reddy	2,000,000	12.18%	5,000,000	12.81%
Palem Srikanth Reddy	1,160,603	7.07%	2,901,508	7.43%

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

(d) Shares reserved for issue under options

(i) The Company has established Four Soft Limited Employees Welfare Trust (the "Trust") to administer the ESOP Scheme and as at 31 March 2016 had issued 1,170,200 equity shares of ₹5 each, cumulatively. Pursuant to the ESOP Scheme the trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31 March 2016 the total options held by the trust is Nil (2015: Nil). Mode of settlement of these stock options is equity.

The Company did not have any outstanding stock options during the year ended 31 March 2016.

(ii) The Board of directors of POT has issued Nil (2015: 2,000,000) equity shares at ₹10 per share for consideration other than cash to the Directors of POT.

(e) Reduction of equity share capital

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

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

(All amounts in ₹ unless otherwise stated)

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

	Number of Shares 1 April 2011 to 31 March 2016
Aggregate number of capital reduction of equity shares	23,422,182

(g) Consolidation of shares

The Company has consolidated its 2 equity shares of ₹5 each into 1 equity shares of ₹10 each in its Extra Ordinary General meeting held on 13 November 2015. Subsequent to year end 31 March 2016, the Company obtained the requisite approval, including approval from the stock exchanges and resumed the trading with face of value ₹10 each effective from 9 May 2016. The effect of this consolidation of equity shares has been given in computing earnings per share of all period presented.

4. Reserves and surplus

	As at 31 March	
	2016	2015
Securities premium account		
Balance as per last financial statements	651,290,186	651,290,186
Add : Issue of shares	85,194,795	-
Less: Capital reduction of shares (refer to note 3(f))	(269,355,093)	-
Closing balance	467,129,888	651,290,186
Capital reserve		
Balance as per last financial statements	14,280,000	14,280,000
Closing balance	14,280,000	14,280,000
Sweat equity shares outstanding account		
Balance as per last financial statements	-	-
Add: Gross compensation during the year	-	20,000,000
Closing balance	-	20,000,000
General reserve		
Balance as per last financial statements	132,524,353	132,524,353
Closing balance	132,524,353	132,524,353
Deficit in Statement of Profit and Loss		
Balance as per last financial statements	(116,670,499)	(128,970,063)
Add: Net profit/(loss) for the year	(167,302,062)	12,514,276
Less: Adjustment on account of charge in useful lives of fixed assets	-	(214,712)
Closing balance	(283,972,561)	(116,670,499)
Total reserves and surplus	329,961,680	701,424,040

5. Long-term provisions

	As at 31 March	
	2016	2015
Provision for gratuity	522,977	116,599
	522,977	116,599

6. Deferred tax liabilities, net

	As at 31 March	
	2016	2015
Deferred tax liability		
- On account of fixed assets	353,930	137,943
Deferred tax asset		
- On account of provision for gratuity	78,831	23,950
- On account of carried-forward business losses	275,099	-
	-	113,993

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

(All amounts in ₹ unless otherwise stated)

7. Trade payables

There are no micro and small enterprises to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by management on the basis of information available with the Company and have been relied upon by the auditors.

8. Other current liabilities

	As at 31 March	
	2016	2015
Other payables:		
Unpaid dividends	1,976,166	2,107,420
Statutory liabilities	35,158,395	1,912,661
Liabilities for expenses	49,699,152	11,320,823
Other payable	2,656,263	1,116,912
Unclaimed capital reduction	855,747	-
Creditor for capital goods	421,069	-
	90,766,792	16,457,816

9. Short-term provisions

	As at 31 March	
	2016	2015
Provision for employee benefits		
- Gratuity	869	419
- Leave travel allowance	-	78,646
	869	79,065

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

10. Tangible assets

	Leasehold Premises	Computers	Office equipments	Furniture and fixtures	Electrical installation	Vehicles	Total
Gross block							
As at 1 April 2014	-	1,452,337	1,346,964	4,790,532	-	-	7,589,833
Additions	-	1,745,903	521,718	3,190,912	-	55,058	5,513,591
Additions on acquisition of subsidiary	-	259,006	54,000	292,270	-	-	605,276
As at 31 March 2015	-	3,457,246	1,922,682	8,273,714	-	55,058	13,708,700
Additions	998,633	3,586,345	742,912	2,857,663	585,026	-	8,770,579
As at 31 March 2016	998,633	7,043,591	2,665,594	11,131,377	585,026	55,058	22,479,279
Accumulated depreciation							
Upto 31 March 2014	-	520,515	510,770	895,361	-	-	1,926,646
Charge for the year	-	1,139,733	324,097	1,548,555	-	9,178	3,021,563
Adjustments	-	19,792	191,630	3,290	-	-	214,712
Upto 31 March 2015	-	1,680,040	1,026,497	2,447,206	-	9,178	5,162,921
Charge for the year	288,311	2,260,355	527,573	1,720,372	68,491	11,702	4,876,804
Upto 31 March 2016	288,311	3,940,395	1,554,070	4,167,578	68,491	20,880	10,039,725
Net block							
As at 31 March 2016	710,322	3,103,196	1,111,524	6,963,799	516,535	34,178	12,439,554
As at 31 March 2015	-	1,777,206	896,185	5,826,509	-	45,880	8,545,779

11. Intangible assets

	Computer software	Internally developed software	Goodwill	Total
Gross block				
As at 1 April 2014	1,444,899	-	-	1,444,899
Additions	2,988,194	-	21,620,434	24,608,628
Additions on acquisition of subsidiary	-	250,000	-	250,000
As at 31 March 2015	4,433,093	250,000	21,620,434	26,303,527
Additions	1,843,529	-	10,875,985	12,719,514
As at 31 March 2016	6,276,622	250,000	32,496,419	39,023,041
Accumulated amortization				
Upto 31 March 2014	53,369	-	-	53,369
Charge for the year	1,096,337	250,000	-	1,346,337
Upto 31 March 2015	1,149,706	250,000	-	1,399,706
Charge for the year	879,048	-	-	879,048
Upto 31 March 2016	2,028,754	250,000	-	2,278,754
Net block				
As at 31 March 2016	4,247,868	-	32,496,419	36,744,287
As at 31 March 2015	3,283,387	-	21,620,434	24,903,821

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

(All amounts in ₹ unless otherwise stated)

12. Long-term loans and advances

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Advances tax (net of provision)	31,072,671	31,235,895
MAT credit receivable	-	547,000
Deposit with statutory authorities	4,174,253	4,174,253
Security deposits	290,000	291,500
	35,536,924	36,248,648

13. Inventories

	As at 31 March	
	2016	2015
(At lower of cost and net realisable value)		
Stock-in-trade	56,088,481	46,619,726
	56,088,481	46,619,726

14. Current Investments

	As at 31 March	
	2016	2015
Non-trade investments (at lower of cost or fair value)		
Investments in mutual funds (quoted) (Market value: ₹ 340,922,925)		
Nil (2015:27,160) units of Axis Liquid Fund-Daily Dividend Reinvestment Plan	-	27,168,873
5,685,677 (2015:8,024,809) units of IDFC Banking Debt Fund	57,363,103	81,064,210
Nil (2015:20,947,763) units of IDFC Arbitrage Fund -Dividend Regular Plan	-	266,380,139
Nil (2015:6,046,043) units of Edelweiss Arbitrage Fund Direct Plan Dividend option-Reinvestment	-	62,614,029
Nil (2015:23,859,896) units of Kotak Equity Arbitrage Fund	-	260,561,990
Nil (2015: 516,098)IDFC Fund - Medium term - Growth Direct Plan	-	12,363,333
2,299,842(2015: 4,736,660) units Kotak Equity Arbitrage Fund- Monthly Dividend-Reinvest	25,046,199	48,273,300
69,737(2015: Nil) units Kotak Floater Short Term-Direct plan-DD	70,547,773	-
13,689,363 (2015: Nil) units IDFC Ultra Short Term Fund-Daily Dividend-Direct Plan	137,647,916	-
Nil (2015: 860,163) units IDFC Mutual Fund- Super saver Income-Medium term	-	25,476,797
502,174 (2015: 151,793) Birla Sunlife Cash Plus Liquid Fund	50,315,309	13,791,079
Aggregate amount of quoted investments	340,920,300	797,693,750
Investment in wholly owned subsidiary (unquoted)		
10,000,000 (2015: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625
Aggregate amount of unquoted investments	2,625	2,625
Total current investments	340,922,925	797,696,375

* The Company has applied for liquidation of Four Soft Sdn. Bhd., Malaysia during the year 2013-14.

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

15. Cash and bank balances

	As at 31 March	
	2016	2015
Cash and cash equivalents		
Cash on hand	117,685	56,670
Balances with banks in current accounts	28,853,128	18,142,140
Fixed deposits with original maturity of less than three months	9,687	9,687
Total cash and cash equivalents (a)	28,980,500	18,208,497
Other bank balances:		
Balance in unpaid dividend account (year: 2008-09)	93,536	93,536
Balance in unpaid dividend account (year: 2013-14)	1,881,955	2,013,209
Balance in unpaid capital reduction account	855,747	-
Total other bank balances (b)	2,831,238	2,106,745
Total cash and bank balances (a)+(b)	31,811,738	20,315,242

16. Short-term loans and advances

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Prepaid expenses	1,873,555	339,605
Vendor and employee advances	4,247,437	4,455,123
Service tax receivable	72,500	-
Security deposit	3,592,327	1,985,000
Others	472,569	34,258
	10,258,388	6,813,986

17. Other current assets

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Interest accrued on fixed deposits	13,341	13,344
Due from collection agency	10,836,235	5,778,601
	10,849,576	5,791,945

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

18. Revenue from operations

	For the year ended 31 March	
	2016	2015
Sale of stock-in-trade	380,993,077	70,498,470
Sale of licenses	840,000	-
	381,833,077	70,498,470

19. Other income

	For the year ended 31 March	
	2016	2015
Dividend income from mutual funds	30,651,009	62,863,180
Miscellaneous income	39,161	2,188,198
	30,690,170	65,051,378

20. Changes in inventories of stock-in-trade

	For the year ended 31 March	
	2016	2015
Opening balance of stock-in-trade	46,619,726	1,982,273
Less: Closing balance of stock-in-trade	56,088,481	46,619,726
Increase in stock-in-trade	(9,468,755)	(44,637,453)

Details of traded goods purchased:

	For the year ended 31 March	
	2016	2015
Smart watches	43,351,592	-
Headsets/Headphones	32,701,650	-
Powerbanks	34,633,692	-
Mobile accessories	29,225,782	55,093,131
Computer accessories	-	10,743,663
Others	12,792,797	3,163,416
	152,705,513	69,000,210

21. Employee benefit expense

	For the year ended 31 March	
	2016	2015
Salaries and wages	42,507,511	20,118,923
Contribution to provident and other funds (refer note (a))	2,557,401	774,213
Gratuity and leave travel allowances	406,828	127,285
Staff welfare expenses	1,995,900	1,166,571
	47,467,640	22,186,992

(a) Defined contribution plan

During year ended 31 March 2016, the Company contributed ₹2,066,949 (2015: ₹ 702,703) to provident fund and ₹490,452 (2015: ₹71,510) towards employee state insurance fund.

22. Finance charges

	For the year ended 31 March	
	2016	2015
Interest on delayed payment of service tax	3,787,110	-
Bank charges	87,223	98,037
	3,874,333	98,037

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

(All amounts in ₹ unless otherwise stated)

23. Other expenses

	For the year ended 31 March	
	2016	2015
Rent	6,954,240	2,806,116
Rates and taxes	15,119,565	2,476,774
Repairs and maintenance - Others	3,207,246	-
Freight charges	1,314,571	53,387
Insurance	119,901	167,567
Office maintenance	6,448,872	7,276,032
Business promotion expenses	248,391,291	25,343,086
Advertisement and recruitment	643,420	2,203,653
Postage and courier	488,216	737,746
Power and fuel	2,930,229	983,066
Travelling and conveyance	4,133,419	2,261,541
Delivery charges	99,055,462	17,551,002
Donations	475,000	310,000
Legal and professional expenses	8,532,289	5,055,394
Hosting expenses	14,148,503	1,828,083
Refunds	2,931,443	815,743
Communication expenses	241,824	263,901
Payments to auditor (refer note (a))	2,479,499	1,336,012
Packing material	6,630,506	2,207,107
Foreign Exchange difference	554,409	-
Service tax receivable written-off	-	706,277
Bank charges	216,377	-
Miscellaneous expenses	1,907,365	1,078,021
	426,923,647	75,460,508

(a) Payments to auditor

	For the year ended 31 March	
	2016	2015
- As auditor	2,302,218	1,298,923
- Other services	148,656	30,337
- For Reimbursement of expenses	28,625	6,752
	2,479,499	1,336,012

24. Contingent Liabilities

	As at	
	2016	2015
(a) Claims against company not acknowledged as debt *	112,260,670	100,833,723

* Claims against the Company not acknowledged as debts include demand from the Income tax authorities for payment of additional tax amounting to ₹112,260,670 (2015: ₹100,833,723) for the assessment years 2008-09, 2009-10 and 2010-11. The claims arose on account of transfer pricing adjustments and bad debts written off. The matter for these assessment years are pending before the Income Tax Appellate Tribunal and based on the recent positive intimations received by the Company, the management believes that the ultimate outcome of this proceeding will not have an adverse effect on the Company's financial position and results of operations.

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

(All amounts in ₹ unless otherwise stated)

25. Expenditure in foreign currency (on accrual basis)

	For the year ended 31 March	
	2016	2015
Purchase of stock-in-trade	73,715,521	36,941,240
Travelling expenses	-	449,722
Advertisement expenses	167,175,193	5,950,452
Hosting expenses	12,174,446	1,949,477
Other expenses	1,544,001	39,230
	254,609,161	45,330,121

26. Value of imports calculated on CIF basis

	For the year ended 31 March	
	2016	2015
Stock-in-trade	73,715,521	36,941,240
	73,715,521	36,941,240

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

27. Gratuity
Defined benefit plan – gratuity

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

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

	As at 31 March 2016	As at 31 March 2015
Obligation at the beginning of the year	117,018	44,656
Current service cost	340,747	158,758
Interest cost	10,113	4,032
Recognized net actuarial (gain)/loss	55,968	(90,428)
Benefits paid / liabilities transferred	-	-
Obligation at the end of the year	523,846	117,018

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	340,747	158,758
Interest cost on benefit obligation	10,113	4,032
Expected return on plan assets for the year	-	-
Net actuarial (gain)/losses recognised	55,968	(90,428)
	406,828	72,362

(c) The principal assumptions used in determining gratuity obligations are set out as below:

	As at 31 March 2016	As at 31 March 2015
Discount rate	7.72%	7.89%
Salary escalation	7%	5.00%
Attrition rate	17%	17.00%

The Group has not invested the accrued liability as of 31 March 2016. 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.

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

28. Related party disclosures
(a) Name of related parties and nature of relationship

Names	Nature of relationship
Mr. Palem Srikanth Reddy	Key managerial personnel (KMP)
Ms. Supriya Reddy	Relative of KMP
Sonata Information Technology Limited	Enterprises significantly influenced by KMP or their relatives

(b) Nature of transactions and year-end balances

	For the year ended 31 March	
	2016	2015
Mr. Palem Srikanth Reddy		
- Remuneration	3,000,000	2,935,200
- Issue of equity shares	-	20,000,000
<i>(The Company issued Nil (2015: 2,000,000) sweat equity shares at ₹10 per share for consideration other than cash. During the year the same were allotted)</i>		
Ms. Supriya Reddy		
- Security deposit	-	1,200,000
- Rent	2,736,000	2,696,640
Sonata Information Technology Limited		
- Purchase of computer software	-	1,356,020
Balance receivable	As at 31 March	
	2016	2015
Supriya Reddy		
- Security deposit	1,200,000	1,200,000

29. Segment reporting

The Company's business model and considering the internal financial reporting has identified "Trading online in computers, mobiles and electronic products" as the only reportable segment. Further, all operations of the Company are based only in India and hence, no separate financial disclosures have been provided for the segment reporting.

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

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

	As at 31 March 2016		For the year ended 31 March 2016		As at 31 March 2015		For the year ended 31 March 2015	
	Net assets (Total assets - Total liabilities)		Share in profit or loss		Net assets (Total assets - Total liabilities)		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent	141%	582,928,102	6%	(9,881,372)	99%	890,023,787	207%	25,929,173
Subsidiaries								
Indian								
POI	10%	40,784,961	117%	(196,388,218)	15%	137,173,179	-128%	(16,005,002)
PTS	12%	50,281,178	5%	(8,854,311)	1%	9,135,489	-8%	(964,511)
USA								
PTS Inc.	3%	11,474,322	0%	(591,313)				
Minority interests in all subsidiaries	2%	8,506,832	-29%	48,413,152	-3%	(26,044,000)	28%	3,554,616
Total	168%	693,975,395	100%	(167,302,062)	113%	1,010,288,455	100%	12,514,276
Consolidation adjustments	-68%	(281,882,880)	0%	-	-13%	(113,679,565)	0%	-
Net amount	100%	412,092,515	100%	(167,302,062)	100%	896,608,890	100%	12,514,276

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

(This space has been intentionally left blank)

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

(All amounts in ₹ unless otherwise stated)

31. Comparatives

Previous year comparatives have been reclassified and regrouped wherever necessary, to conform to current year's presentation.

32. Additional information

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

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

per **Sanjay Kumar Jain**

Partner

Place: Hyderabad

Date: 30 May 2016

For and on behalf of the Board of Directors of

Palred Technologies Limited

Palem Srikanth Reddy

Chairman and Managing Director

S.Vijaya Saradhi

Director

Archana Nudurupati

Company Secretary

Place: Hyderabad

Date: 30 May 2016

Independent Auditor's Report

To the Members of Palred Technologies Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Palred Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in annexure A, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2016 as per annexure B expressed unmodified opinion.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. as detailed in Note 22 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**

Partner

Membership No.: 207660

Place : Hyderabad

Date : 30 May 2016

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

Annexure A

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

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

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

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

Statement of Disputed Dues

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

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment / private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/private placement of fully/partly convertible debentures.

Annexure A to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

- (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's principal objectives are to carry out activities relating to Information Technology Products and Services. However, as detailed in note 28 to the accompanying financial statements and subsequent to sale of its core IT business in the financial year 2014, the Company has acquired significant investments in its subsidiary company and as a result of such investments, it is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. However, pending final evaluation regarding the ultimate business activities, such registration has not been obtained by the Company as of 31 March 2016.

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

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

Place : Hyderabad

Date : 30 May 2016

Annexure B to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Palred Technologies Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Annexure B to the Independent Auditor's Report of even date to the members of Palred Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**

Partner

Membership No.: 207660

Place: Hyderabad

Date: 30 May 2016



Palred Technologies Limited
Balance Sheet as at 31 March 2016
 (All amounts in ₹, unless otherwise stated)

	Notes	As at 31 March	
		2016	2015
I. Equity and liabilities			
(1) Shareholders' funds			
(a) Share capital	3	82,130,835	195,184,850
(b) Reserves and surplus	4	500,797,267	694,838,937
Total Shareholders' funds		582,928,102	890,023,787
(2) Non-current liabilities			
(a) Long-term provisions	5	175,101	43,013
Total non-current liabilities		175,101	43,013
(3) Current liabilities			
(a) Trade payables	6		
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		-	20,840
(b) Other current liabilities	7	4,895,601	4,964,812
(c) Short-term provisions	8	-	78,834
Total current liabilities		4,895,601	5,064,486
Total		587,998,804	895,131,286
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
-Tangible assets	9	4,306,132	6,165,295
-Intangible assets	10	1,517,035	2,124,137
		5,823,167	8,289,432
(b) Non-current investment	11	485,300,000	135,300,000
(c) Long-term loans and advances	12	35,152,924	36,248,648
Total non-current assets		526,276,091	179,838,080
(2) Current assets			
(a) Current investments	13	57,365,728	710,155,201
(b) Cash and bank balances	14	4,034,447	4,463,815
(c) Short-term loans and advances	15	309,197	660,849
(d) Other current assets	16	13,341	13,341
Total current assets		61,722,713	715,293,206
Total		587,998,804	895,131,286

The accompanying notes 1 to 30 are integral part of these financial statements.
 This is the Balance Sheet referred to in our report of even date.

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

per **Sanjay Kumar Jain**
 Partner

Place: Hyderabad
 Date: 30 May 2016

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

Palem Srikanth Reddy
 Chairman and Managing Director

Archana Nudurupati
 Company Secretary

Place: Hyderabad
 Date: 30 May 2016

S.Vijaya Saradhi
 Director

**Palred Technologies Limited****Statement of Profit and Loss for the year ended 31 March 2016**

(All amounts in ₹, unless otherwise stated)

	Notes	For the year ended 31 March	
		2016	2015
I Revenue from operations	17	-	21,651,049
II Other income	18	22,000,194	62,145,274
III Total revenue		22,000,194	83,796,323
IV Expenses			
Purchases of stock-in-trade		-	16,585,744
Changes in inventories of stock-in-trade	19	-	1,982,273
Employee benefits expense	20	10,007,671	13,578,107
Depreciation and amortization	9,10	2,649,171	3,649,974
Other expenses	21	18,130,500	22,071,052
Total expenses		30,787,342	57,867,150
V Profit/(loss) before exceptional items and tax		(8,787,148)	25,929,173
VI Profit/(loss) before tax		(8,787,148)	25,929,173
Consisting of:			
- Profit from continuing operations		(8,787,148)	40,169,123
- Profit from discontinued operations	25	-	(14,239,950)
VII Tax expense			
Current tax		1,094,224	-
VIII Profit/(loss) for the year after tax		(9,881,372)	25,929,173
Consisting of:			
- Profit from continuing operations		(9,881,372)	40,169,123
- Profit from discontinued operations		-	(14,239,950)
IX Profit/(loss) for the year		(9,881,372)	25,929,173
Earnings per equity share [EPES] [refer note 3(g)]			
Basic and diluted EPES		(0.89)	1.33
Weighted average number of equity shares considered in calculating basic and diluted EPES		11,102,755	19,518,485
Par value of shares		10	10

The accompanying notes 1 to 30 are integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

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

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 30 May 2016

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

Palem Srikanth Reddy
Chairman and Managing Director

S. Vijaya Saradhi
Director

Archana Nudurupati
Company Secretary

Place: Hyderabad
Date: 30 May 2016

**Palred Technologies Limited****Cash Flow Statement for the year ended 31 March 2016**

(All amounts in ₹, unless otherwise stated)

	For the year ended 31 March	
	2016	2015
Cash flows from operating activities		
Net profit/(loss) before tax	(8,787,148)	25,929,173
Adjustments to reconcile profit/loss before tax to net cash flows:		
- Dividends from non-trade current investments	(22,000,194)	(59,957,076)
- Depreciation and amortization expense	2,649,171	3,649,974
- Employee benefits expense	53,254	77,191
Operating loss before working capital changes	(28,084,917)	(30,300,738)
Movements in working capital:		
-Decrease in trade receivables	-	1,182,192
-Decrease in short-term loans and advances	351,652	1,170,967
-(Increase)/decrease in long-term loans and advances	1,500	(2,532,661)
-Decrease in other current assets	-	64,209
-Decrease in current liabilities	(793,704)	(523,505)
-Decrease in inventories	-	1,982,273
-Decrease in trade payables	(20,840)	(2,031,811)
Cash used in operations	(28,546,309)	(30,989,074)
Income taxes paid	-	-
Net cash used in operating activities (A)	(28,546,309)	(30,989,074)
Cash flows from investing activities		
-Purchase of fixed assets	(182,906)	(5,099,401)
-Investment in shares of subsidiaries	(350,000,000)	(135,300,000)
-Proceeds from deposit, net	-	192,306
-Redemption of mutual funds	652,789,473	111,182,238
-Dividend received from non-trade current investment	22,000,194	59,957,076
Net cash generated from investing activities (B)	324,606,761	30,932,219
Cash flows from financing activities		
-Proceeds from issuance of equity shares	89,251,690	-
-Payment on reduction of equity share capital	(386,466,003)	-
Net cash used in financing activities (C)	(297,214,313)	-
Net decrease in cash and cash equivalents (A+B+C)	(1,153,861)	(56,855)
Cash and cash equivalents at the beginning of the year	2,357,070	2,413,925
Cash and cash equivalents at the end of the year [refer note 14(a)]	1,203,209	2,357,070

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

For **Walker Chandiok & Co LLP**
Chartered Accountantsper **Sanjay Kumar Jain**
PartnerPlace: Hyderabad
Date: 30 May 2016For and on behalf of the Board of Directors of
Palred Technologies Limited**Palem Srikanth Reddy**
Chairman and Managing Director**S. Vijaya Saradhi**
Director**Archana Nudurupati**
Company SecretaryPlace: Hyderabad
Date: 30 May 2016

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

1. Company Overview

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

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

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

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

(b) Use of estimates

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

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

(c) Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

(d) Depreciation on tangible assets

Depreciation is provided using the written down value method over the useful lives of the fixed assets, as prescribed under Schedule II to the Act.

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

(All amounts in ₹ except otherwise stated)

(e) Intangible assets

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

Intangible assets are amortized on a straight-line method based on the estimated useful life of assets i.e. 5 years.

(f) Impairment

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

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

(g) Leases

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

(h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value, if any is made to recognize a decline other than temporary in the value of the investments.

(i) Revenue recognition

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

Sale of goods and services

Sales of stock-in-trade represents revenue from the sale of products, net of cash discounts, value added taxes (VAT), rebates and returns. The sales are recorded when the products are shipped and all the significant risks and rewards of ownership of the goods have passed to the customers.

Dividends

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

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

(All amounts in ₹ except otherwise stated)

(j) Foreign currency transactions*Initial recognition*

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

Conversion

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

Exchange differences

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

(k) Retirement and other employee benefits*Defined contribution plans*

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the Statement of Profit and Loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

Defined benefit plans

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

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

Other short-term benefits

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

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

(All amounts in ₹ except otherwise stated)

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

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

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

(m) Earnings per equity share

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

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

(n) Provisions and contingent liabilities

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

(o) Cash and cash equivalents

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

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

3. Share capital

	As at 31 March	
	2016	2015
Authorized share capital		
56,077,600 (2015: 56,077,600) equity shares of ₹5 each (refer note (g))	280,388,000	280,388,000
696,120 (2015: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000	69,612,000
Issued, subscribed and fully paid-up equity shares		
16,426,167 (2015: 39,036,970) equity shares of ₹5 each (refer note (g))	82,130,835	195,184,850
Total issued, subscribed and fully paid-up equity share capital	82,130,835	195,184,850

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

	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	39,036,970	195,184,850	39,036,970	195,184,850
Add: Issue of equity shares	811,379	4,056,895	-	-
Less: Capital reduction of equity shares	(23,422,182)	(117,110,910)	-	-
Balance at the end of the year	16,426,167	82,130,835	39,036,970	195,184,850

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹5 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, except in case of interim dividend.

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

	31 March 2016		31 March 2015	
	Number of shares	% of holding	Number of shares	% of holding
Stuthi Reddy	2,000,000	12.18%	5,000,000	12.81%
Supriya Reddy Palem	2,000,000	12.18%	5,000,000	12.81%
Sanhita Reddy	2,000,000	12.18%	5,000,000	12.81%
Palem Srikanth Reddy	1,160,603	7.07%	2,901,508	7.43%

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

(d) Shares reserved for issue under options

- (i) The Company has established Four Soft Limited Employees Welfare Trust (the "Trust") to administer the ESOP Scheme and as at 31 March 2016 had issued 1,170,200 equity shares of ₹5 each, cumulatively. Pursuant to the ESOP Scheme the trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31 March 2016 the total options held by the trust is Nil (2015: Nil). Mode of settlement of these stock options is equity. The Company did not have any outstanding stock options during the year ended 31 March 2016.

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

(All amounts in ₹, unless otherwise stated)

(e) Reduction of equity share capital

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

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

	Number of Shares 1 April 2011 to 31 March 2016
Aggregate number of capital reduction of equity shares	23,422,182

(g) Consolidation of shares

The Company has consolidated its 2 equity shares of ₹5 each into 1 equity shares of ₹10 each in its Extra Ordinary General meeting held on 13 November 2015. Subsequent to year end 31 March 2016, the Company obtained the requisite approval, including approval from the stock exchanges and resumed the trading with face of value ₹10 each effective from 9 May 2016. The effect of this consolidation of equity shares has been given in computing earnings per share of all period presented.

4. Reserves and Surplus

	As at 31 March	
	2016	2015
Securities premium account		
Balance as per last financial statements	651,290,186	651,290,186
Add : Issue of shares	85,194,795	-
Less: Capital reduction of shares (refer to note 3(e))	(269,355,093)	-
Closing balance	467,129,888	651,290,186
Capital reserve		
Balance as per last financial statements	14,280,000	14,280,000
Closing balance	14,280,000	14,280,000
General reserve		
Balance as per last financial statements	132,524,353	132,524,353
Closing balance	132,524,353	132,524,353
Deficit in Statement of Profit and Loss		
Balance as per last financial statements	(103,255,602)	(128,970,063)
Add: Net profit/(loss) during the year	(9,881,372)	25,929,173
Less: Adjustment on account of change in useful lives of fixed assets	-	(214,712)
Closing balance	(113,136,974)	(103,255,602)
Total reserves and surplus	500,797,267	694,838,937

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

(All amounts in ₹, unless otherwise stated)

5. Long-term provisions

	As at 31 March	
	2016	2015
Provision for gratuity	175,101	43,013
	175,101	43,013

6. Trade payables

There are no micro and small enterprises to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by management on the basis of information available with the Company and have been relied upon by the auditors.

7. Other current liabilities

	As at 31 March	
	2016	2015
Unpaid dividends*	1,976,166	2,107,420
Unclaimed capital reduction	855,747	-
Liabilities for expenses	1,209,524	1,474,748
Statutory dues payable	377,788	365,903
Other liabilities	476,376	1,016,741
	4,895,601	4,964,812

* The Company has transferred ₹Nil (2015: ₹173,898) to Investor Education and Protection Fund relating to dividend payable upon expiry of 7 years from the date they remain unclaimed.

8. Short-term provisions

	As at 31 March	
	2016	2015
Provision for employee benefits:		
- On gratuity	-	188
- On leave travel allowances	-	78,646
	-	78,834

(This space has been intentionally left blank)

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

9. Tangible assets

	Computers	Office equipment	Furniture and fixture	Vehicles	Total
Gross block					
As at 1 April 2014	1,452,337	1,346,964	4,790,532	-	7,589,833
Additions during the year	630,336	513,992	2,150,508	55,058	3,349,894
As at 31 March 2015	2,082,673	1,860,956	6,941,040	55,058	10,939,727
Additions during the year	120,200	14,559	8,000	-	142,759
As at 31 March 2016	2,202,873	1,875,515	6,949,040	55,058	11,082,486
Accumulated depreciation					
Upto 31 March 2014	520,515	510,770	895,361	-	1,926,646
Charge for the year	858,130	311,729	1,454,037	9,178	2,633,074
Adjustments (refer note (4))	19,792	191,630	3,290	-	214,712
Upto 31 March 2015	1,398,437	1,014,129	2,352,688	9,178	4,774,432
Charge for the year	423,887	362,530	1,203,803	11,702	2,001,922
Upto 31 March 2016	1,822,324	1,376,659	3,556,491	20,880	6,776,354
Net block					
As at 31 March 2016	380,549	498,856	3,392,549	34,178	4,306,132
As at 31 March 2015	684,236	846,827	4,588,352	45,880	6,165,295

Depreciation for the year includes ₹Nil (2015: ₹1,316,537) towards the depreciation charge attributable to the discontinued operations of the Company.

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

(All amounts in ₹, unless otherwise stated)

10. Intangible assets

	Computer software	Total
Gross block		
As at 1 April 2014	1,444,899	1,444,899
Additions	1,749,507	1,749,507
As at 31 March 2015	3,194,406	3,194,406
Additions	40,147	40,147
As at 31 March 2016	3,234,553	3,234,553
Accumulated amortization		
Upto 1 April 2014	53,369	53,369
Charge for the year	1,016,900	1,016,900
Upto 31 March 2015	1,070,269	1,070,269
Charge for the year	647,249	647,249
Upto 31 March 2016	1,717,518	1,717,518
Net block		
As at 31 March 2016	1,517,035	1,517,035
As at 31 March 2015	2,124,137	2,124,137

Amortisation for the year includes ₹Nil (2015: ₹508,450) towards the amortisation charge attributable to the discontinued operations of the Company.

11. Non-current Investments

	As at 31 March	
	2016	2015
Long-term, trade, unquoted, fully paid-up		
Investment in subsidiaries		
19,591,304 (2015: 10,895,652) representing 79% equity shares of ₹10 each, in Palred Online Technologies Private Limited	225,300,000	125,300,000
6,000,000 (2015: 1,000,000) representing 99.99% equity shares of ₹10 each, in Palred Technology Services Private Limited	60,000,000	10,000,000
Aggregate amount of unquoted investments	285,300,000	135,300,000
Share application money, pending allotment	200,000,000	-
	485,300,000	135,300,000

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

12. Long-term loans and advances

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Advances tax (net of provision)	30,688,671	31,235,895
MAT credit receivable	-	547,000
Deposit with statutory authorities	4,174,253	4,174,253
Security deposits	290,000	291,500
	35,152,924	36,248,648

13. Current Investments

	As at 31 March	
	2016	2015
Non-trade investments (at lower of cost or fair value)		
Investments in mutual funds (quoted) (Market value ₹57,363,103)		
Nil (2015: 27,160) units of Axis Liquid Fund-Daily Dividend Reinvestment Plan	-	27,168,875
5,685,677 (2015: 8,024,809) units of IDFC Banking Debt Fund	57,363,103	81,064,210
Nil (2015: 20,947,763) units of IDFC Arbitrage Fund -Dividend Regular Plan	-	266,380,139
Nil (2015: 516,098) units of IDFC Fund - Growth Direct Plan	-	12,363,333
Nil (2015: 6,046,043) units of Edelweiss Arbitrage Fund Direct Plan Dividend - Reinvestment	-	62,614,029
Nil (2015: 23,859,896) units of Kotak Equity Arbitrage Fund	-	260,561,990
Aggregate amount of quoted investments	57,363,103	710,152,576
Investment in wholly-owned subsidiary (unquoted)		
10,000,000 (2015: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd., Malaysia *	2,625	2,625
Aggregate amount of unquoted investments	2,625	2,625
Total current investments	57,365,728	710,155,201

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

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

14. Cash and bank balances

	As at 31 March	
	2016	2015
Cash and cash equivalents		
Cash on hand	28,668	7,773
Balances with banks in current accounts	1,164,854	2,339,610
Fixed deposits with original maturity of less than three months	9,687	9,687
Total cash and cash equivalents (a)	1,203,209	2,357,070
Other bank balances:		
Balance in unpaid dividend account (year: 2008-09)	93,536	93,536
Balance in unpaid dividend account (year: 2013-14)	1,881,955	2,013,209
Balance in unclaimed capital reduction account	855,747	-
Total other bank balances (b)	2,831,238	2,106,745
Total cash and bank balances (a)+(b)	4,034,447	4,463,815

15. Short-term loans and advances

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Prepaid expenses	209,044	197,131
Value added tax receivable	7,868	-
Vendor advances	82,285	453,718
Others	10,000	10,000
	309,197	660,849

16. Other current assets

	As at 31 March	
	2016	2015
(Unsecured, considered good)		
Interest accrued on fixed deposits	13,341	13,341
	13,341	13,341

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

17. Revenue from operations

	For the year ended 31 March	
	2016	2015
Sale of stock-in-trade	-	21,651,049
	-	21,651,049

18. Other income

	For the year ended 31 March	
	2016	2015
Dividend income from non-trade investments	22,000,194	59,957,076
Miscellaneous income	-	2,188,198
	22,000,194	62,145,274

19. Changes in inventories of stock-in-trade

	For the year ended 31 March	
	2016	2015
Opening balance of stock-in-trade	-	1,982,273
Closing balance of stock-in-trade	-	-
Decrease in stock-in-trade	-	1,982,273

Details of traded goods purchased:

	For the year ended 31 March	
	2016	2015
Mobile accessories	-	7,579,655
Computer accessories	-	6,986,002
Others	-	2,020,087
	-	16,585,744

20. Employee benefit expense

	For the year ended 31 March	
	2016	2015
Salaries and wages	8,739,015	12,456,070
Contribution to provident and other funds	207,835	264,080
Gratuity	131,900	53,468
Staff welfare expenses	928,921	804,489
	10,007,671	13,578,107

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

(All amounts in ₹, unless otherwise stated)

21. Other expenses

	For the year ended 31 March	
	2016	2015
Rent	1,284,000	1,807,554
Rates and taxes	1,348,413	1,570,313
Office maintenance	4,207,080	5,540,202
Advertisement and recruitment	643,420	879,221
Business promotion	57,994	2,203,653
Communication	227,320	263,901
Postage and courier	401,615	614,144
Insurance	119,901	167,567
Power and fuel	933,123	482,831
Travelling and conveyance	1,947,977	1,990,599
Legal and professional expenses	5,124,120	4,289,502
Donations	475,000	310,000
Payments to auditor *	1,248,624	766,012
Service tax receivable written-off	-	706,277
Bank charges	87,223	53,804
Miscellaneous expenses	24,690	425,472
	18,130,500	22,071,052

***Payments to auditor**

	For the year ended 31 March	
	2016	2015
As auditor		
-Statutory audit fees	1,099,968	728,923
-Other services	148,656	30,337
-Reimbursement of expenses	-	6,752
	1,248,624	766,012

(This space has been intentionally left blank)

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

(All amounts in ₹, unless otherwise stated)

22. Contingent Liabilities

	As at 31 March	
	2016	2015
Claims against company not acknowledged as debt *	112,260,670	100,833,723

* Claims against the Company not acknowledged as debts include demand from the Income tax authorities for payment of additional tax amounting to ₹112,260,670 (2015: ₹100,833,723) for the assessment years 2008-09, 2009-10 and 2010-11. The claims arose on account of transfer pricing adjustments and bad debts written off. The matter for these assessment years are pending before the Income Tax Appellate Tribunal and based on the recent positive intimations received by the Company, the management believes that the ultimate outcome of this proceeding will not have an adverse effect on the Company's financial position and results of operations.

23. Expenditure in foreign currency (on accrual basis)

	For the year ended 31 March	
	2016	2015
Advertisement expenses	-	103,294
Hosting charges	-	341,589
Travel	-	449,722
Consultancy charges	330,787	-
	330,787	894,605

24. Value of imports calculated on CIF basis

	For the year ended 31 March	
	2016	2015
Stock-in-trade	-	8,620,707
Capital goods	-	-
	-	8,620,707

(This space has been intentionally left blank)

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

25. Discontinuing operations

The Company has discontinued the Online E-Commerce Portals business from October 2014. The net profit of the business in respect of the ordinary activities attributable to the discontinued operations is as follows:

The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation:

	31 March 2015
Revenue	
Revenue from operations (net)	21,651,049
Total revenue	21,651,049
Expenses	
Purchases of stock-in-trade	16,585,744
Changes in inventories of stock-in-trade	1,982,273
Employee benefits expense	4,994,406
Finance cost	-
Depreciation and amortization expenses	1,824,987
Other expenses	10,503,589
Total expenses	35,890,999
Loss before tax	(14,239,950)
Tax expenses/(benefits) of discontinuing operations	-
Operating loss from discontinuing operations after tax	(14,239,950)

26. Related party disclosures

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

Names of the related party	Country	Nature of relationship
Palred Online Technologies Private Limited	India	Subsidiary
Palred Technology Services Private Limited ("PTS")	India	Subsidiary
Palred Technology Services Inc.	USA	Subsidiary of PTS
Mr. Palem Srikanth Reddy		Key management personnel (KMP)
Sonata Information Technology Limited	India	Enterprises significantly influenced by KMP or their relatives
Ms. Supriya Reddy		Relative of KMP

(b) Nature of transactions and year-end balances

	For the year ended 31 March	
	2016	2015
A. Subsidiaries		
Palred Online Technologies Private Limited		
Sale of inventory	-	11,768,587
Investments in equity shares	100,000,000	125,300,000
Advance for purchase of equity shares	200,000,000	-
Palred Technology Services Private Limited		
Investments in equity shares	50,000,000	10,000,000
B. Key management personnel		
Mr. Palem Srikanth Reddy		
Remuneration	3,000,000	2,935,200
C. Relatives of KMP		
Supriya Reddy		
Office rent	-	1,629,220
D. Enterprises significantly influenced by key management personnel or their relatives		
Sonata Information Technology Limited		
Purchase of computer software	-	1,356,020

Palred Technologies Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

27. Gratuity

Defined benefit plan – gratuity

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

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

	As at 31 March	
	2016	2015
Obligation at the beginning of the year	43,201	44,656
Current service cost	54,168	84,941
Interest cost	4,289	4,032
Recognized net actuarial (gain)/loss	73,443	(19,077)
Benefits paid / liabilities transferred	-	(71,351)
Obligation at the end of the year	175,101	43,201

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

	For the year ended 31 March	
	2016	2015
Current service cost	54,168	84,941
Interest cost on benefit obligation	4,289	4,032
Expected return on plan assets for the year	-	-
Net actuarial (gain)/losses recognised	73,443	(19,077)
	131,900	69,896

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

	As at 31 March	
	2016	2015
Discount rate	7.72%	7.89%
Salary escalation	7.00%	5.00%
Attrition rate	17.00%	17.00%

The Company has not invested the accrued liability as of 31 March 2016. 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.

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

(All amounts in ₹, unless otherwise stated)

28. Registration under section 45-IA of the Reserve Bank of India Act, 1934 ('RBI Act')

During the financial year ended 31 March 2014, Company had transferred its transportation and logistics software business and used the part of proceeds to refund it to the shareholders by way of dividends and reduction in share capital. Further, the Company also acquired investments in a subsidiary company engaged in the e-commerce activities. The Board and the management of the Company are presently evaluating multiple business options including IT services and pending such final evaluation, the Company has not obtained the requisite registration under Section 45-IA of the RBI Act. Accordingly, the Company currently has no reportable primary segment and the segment reporting is not applicable to the Company.

29. Previous year comparatives

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

30. Additional information

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

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

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

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 30 May 2016

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

Palem Srikanth Reddy
Chairman and Managing Director

S.Vijaya Saradhi
Director

Archana Nudurupati
Company Secretary

Place: Hyderabad
Date: 30 May 2016

**Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (management and Administration) Rules, 2014 – Form No: MGT- 11]

**PALRED TECHNOLOGIES LIMITED**

CIN: L72200AP1999PLC033131

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

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

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

Name :Email.....

Address.....

.....Signature:.....

or failing him/her

Name :Email.....

Address.....

.....Signature:.....

or failing him/her

Name :Email.....

Address.....

.....Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, September 30, 2016 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:	Resolution
Ordinary Business	
Item No: 1	ADOPTION OF FINANCIAL STATEMENTS:
Item No: 2	APPOINTMENT OF AUDITORS:
Special Business	
Item No: 3	PALRED EMPLOYEE STOCK OPTION SCHEME-2016:
Item No: 4	PALRED EMPLOYEE STOCK OPTION SCHEME-2016 TO THE EMPLOYEES OF SUBSIDIARY COMPANIES:
Item No: 5	ALLOTMENT OF EQUITY SHARES EXCEEDING 1% OF THE PAID UP CAPITAL OF THE COMPANY UNDER ESOP SCHEME – 2016:

Signed this.....day of.....2016

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue
Stamp of
not less than
Re. 1/-

Note: This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the

This page intentionally left blank

Attendance Slip



PALRED TECHNOLOGIES LIMITED

CIN: L72200AP1999PLC033131

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

17th Annual General Meeting - 2016. (Please present this slip at the Meeting venue) Registered Folio No:	
Number of shares held	

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

I hereby record my presence at the 17th Annual General Meeting of the members of the company to be held on on Friday, September 30, 2016 at 9.00 A.M. at the Registered Office of the Company at Plot No: 2, H.No: 8-2-703/2/B, Road No: 12, Banjara Hills, Hyderabad Telangana – 500 034 and at any adjourned meeting thereof.

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

Shareholders/Proxy's Signature _____

Note: Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring the copies of the Annual Report to the AGM.

ROUTE MAP TO VENUE OF AGM



This page intentionally left blank

[illegible]

[illegible]

BOOK-POST
PRINTED MATTER

If undelivered, please return to:



Palred Technologies Limited

Plot No. 2, 8-2-703/2/B,
Road No.12, Banjara Hills,
Hyderabad- 500034, Telangana
Website: www.palred.com
E-mail- company@palred.com
Ph: 040-66384915/16