

## DIRECTORS' REPORT

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

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Palred') along with the audited "Financial statement for the "Fiscal Year ended March 31, 2019. The Consolidated performance of the Company and its subsidiaries has been referred to where required.

### 1. Financial summary/highlights:

The performance during the period ended 31<sup>st</sup> March, 2019 has been as under:

(Amount in Lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-2018	2018-19	2017-2018
Turnover/Income (Gross)	-	-	3393.53	5122.13
Other Income	153.76	231.53	181.29	258.82
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	19.94	94.46	(829.55)	(549.65)
Less: Depreciation/ Amortisation/ Impairment	10.92	22.63	70.16	88.70
Profit /loss before Finance Costs, Exceptional items and Tax Expense	9.02	71.83	(899.71)	(638.36)
Less: Finance Costs	-	-	8.89	3.93
Profit /loss before Exceptional items and Tax Expense	9.02	71.83	(908.61)	(642.29)
Add/(less): Exceptional items	(4777.23)	-	(216.20)	-
Profit /loss before Tax Expense	(4768.21)	71.83	(1124.81)	(642.29)
Less: Tax Expense (Current & Deferred)	-	-	-	-
Profit /loss for the year (1)	(4768.21)	71.83	(1124.81)	(642.29)
Total Comprehensive Income/loss (2)	(0.5294)	(0.3855)	20.71	(1.83)
Total (1+2)	(4768.73)	71.45	(1104.10)	(644.12)
Balance of profit /loss for earlier years	(1356.29)	(1428.12)	(4892.77)	(4131.19)
Less: Transfer to Debenture Redemption Reserve	-	-	-	-
Less: Transfer to Reserves	-	-	-	-
Less: Dividend paid on Equity Shares	-	-	-	-
Less: Dividend paid on Preference Shares	-	-	-	-
Less: Dividend Distribution Tax	-	-	-	-
<b>Balance carried forward</b>	<b>(6124.50)</b>	<b>(1356.29)</b>	<b>(6029.28)</b>	<b>(4892.77)</b>

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

#### Revenues – standalone

During the year under review, the Company has recorded an income of Rs. 153.76 Lakhs and loss of Rs. (4768.73) Lakhs as against the income of Rs. 231.53 Lakhs and profit of Rs. 71.83 Lakhs in the previous financial year ending 31.03.2018.

#### Revenues – Consolidated

During the year under review, the Company has recorded an income of Rs.3574.53Lakhs and loss of Rs. 1104.10Lakhs as against the income of Rs. 5,380.95 Lakhs and loss of Rs. 644.12 Lakhs in the previous financial year ending 31.03.2018.

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

**3. Dividend:**

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

**4. Transfer to reserves:**

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

**5. Material changes & commitment affecting the financial position of the company:**

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

**6. Significant & material orders passed by the regulators or courts or tribunals:**

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

**7. Transfer of un-claimed dividend to Investor Education and Protection:**

There is no such amount of Un-paid or Unclaimed Dividend be transferred to Investor and Education and Protection Fund for the financial year ended 31<sup>st</sup> March 2019.

**8. Details of utilization of funds:**

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

**9. Details of Nodal Officer**

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

**10. Revision of financial statements:**

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

**11. Change in the nature of business, if any:**

During the period under review and the date of Board's Report there was no change in the nature of Business.

**12. Deposits from public:**

The Company has not accepted any public deposits during the Financial Year ended March 31, 2019 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet.

*Details of deposits not in compliance with the requirements of the Act:*

Since the Company has not accepted any deposits during the Financial Year ended March 31, 2019, there has been no non-compliance with the requirements of the Act.

Pursuant to the Ministry of Corporate Affairs (MCA) notification dated 22nd January 2019 amending the Companies (Acceptance of Deposits) Rules, 2014, the Company is required to file with the Registrar of Companies (ROC) requisite returns in Form DPT-3 for outstanding receipt of money/loan by the Company, which is not considered as deposits.

The Company would be complying with this requirement within the prescribed timelines.

**13. Depository System:**

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

**14. Consolidated IND AS financial statements:**

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') and Section 129 of the Companies Act, 2013, the Consolidated Financial Statements which have been prepared by the Company in accordance with the applicable provisions of the Companies Act, 2013 and the applicable Indian Accounting Standards (Ind AS) forms part of this Annual Report.

**15. Subsidiary companies:**

Your Company has three subsidiaries namely Palred Technologies Services Private Limited, Palred Electrical Private Limited and Palred Retail Private Limited as on March 31, 2019.

In accordance with Section 129(3) of the Act, Consolidated Financial Statements have been prepared which form part of this Annual Report. As required under Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiaries in the prescribed form AOC-1 is enclosed as Annexure – B to this Report.

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

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

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

**Palred Technology Services Private Limited:**

Palred Technology Services Private Limited offers end-to-end services for ecommerce companies. Palred Technology Services Private Limited front-end services include ecommerce platforms and digital marketing services. Palred Technology Services Private Limited also provides backend support including database management, fulfilment centres, with associated services from 3PL partners. It has fulfilment centres in Kurnool & Hyderabad. The Company also offers a bouquet of Products through its brand "Xmate" that is exclusively available on Amazon.in. Xmate Sells products like Bluetooth headsets, Bluetooth speakers, wired headsets, chargers and cables, Computer Accessories, Cameras & Camera Accessories etc.

**Palred Retail Private Limited:**

Palred Retail Private Limitedowns ecommerce website, [www.LatestOne.com](http://www.LatestOne.com) and [PTron.in](http://PTron.in). LatestOne.com is India's only e-tailer specializing in tech and mobile accessories such as Bluetooth speakers and headsets, cables, power banks, headsets, smart watches, fashion accessories etc. It stocks over 10,000 different products in its inventory. The company also sells through other major online retailers like Flipkart, Amazon, Snapdeal and PayTM mall. LatestOne.com faced many challenges during the year because of high advertisement costs and competition from heavily funded market place business

**Palred Electronics Private limited:**

The Company's main focus this year has been building PTron brand. PTron brand offers a bouquet of mobile accessories products to meet the needs of its consumers. PTron sells products like bluetooth headsets, portable bluetooth speakers, wired headsets, chargers and cables, smart watches, networking products and many more. The strength of PTron is that it has a wide range of products whose quality is backed by warranty, but offers them at competitive prices in the branded accessories category for the mid-market. The Company sells PTron brand through large ecommerce marketplaces like Amazon & Flipkart, through LatestOne.com & PTron.in and also through Distributors across the Country. The Company has transferred its ecommerce business to Palred Retail Private Limited.

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

During the F.Y. 2018-19 Palred Retail Private Limited has become Subsidiary of the Company with effect from 17th May, 2018, further analysis on the consolidated performance, attention is invited to the section on Management Discussion and Analysis, notes to the consolidated financial statements.

**18. Investment in subsidiaries:**

During financial year 2018-19, the Company had infused a capital of Rs.2.6215 Crores in its Subsidiary, Palred Retail Private Limited, Rs.2 Crores in Palred Technology Services Private Limited and Rs.6 Crores in Palred Electronics Private limited by subscribing to its equity shares.

**19. Brand protections:**

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

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

**20. Selection and procedure for nomination and appointment of directors:**

The Company has a Nomination and Remuneration Committee ("NRC") which is responsible for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects an in-depth understanding of the Company, including its strategies, environment, operations, and financial condition and compliance requirements.

The NRC makes recommendations to the Board in regard to appointment of new Directors and Key Managerial Personnel ("KMP") and senior management. The role of the NRC encompasses conducting a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The NRC is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies, undertake a reference and due diligence and meeting of potential candidates prior to making recommendations of their nomination to the Board.

The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

**21. Criteria for determining qualifications, positive attributes and independence of a director:**

In terms of the provisions of Section 178(3) of the Act, and Regulation 19 of the Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

**Qualifications** - The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.

**Positive Attributes** - Apart from the duties of Directors as prescribed in the Act the Directors are expected to demonstrate high standards of ethical behaviour, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.

**Independence** - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Act, the Rules framed thereunder and Regulation 16(1) (b) of the Listing Regulations.

**22. Training of Independent Directors:**

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

**23. Independent director's familiarization programmes:**

The familiarization program aims to provide the Independent Directors with the scenario within the software technology/services, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant development so as to enable them to take well-informed decisions in timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes. The policy on Company's familiarization programme for Independent Directors is hosted on your Company's website and its web link is <http://www.palred.com>

**24. Board Evaluation**

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

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

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

**25. Number of Board the Meetings:**

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

**26. Committees of the Board**

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

**27. Audit Committee Recommendations:**

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

**28. Directors and key managerial personnel:**

As on date of this report, the Company has four Directors, out of those three are Independent Directors including one Woman Independent Director.

**a) Re-Appointment of Independent Directors of the Company:**

- (i) Re-appointment of Mr. Atul Sharma (holding Director Identification Number 07185499) as independent director for the second consecutive term commencing from May 14, 2020 to May 13, 2025;
- (ii) Re-appointment of Mr. VijayaSaradhi (holding Director Identification Number 03089889) as independent director for the second consecutive term commencing from May 14, 2020 to May 13, 2025;
- (iii) Re-appointment of Mrs. Richa Patnaik (holding Director Identification Number 07274527) as independent director for the second consecutive term commencing from September 1, 2020 to August 31, 2025;
- (iv) Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment/ appointment at the Meeting is given below.

<b>Name of the Director</b>	<b>Mr. S.VijayaSaradhi</b>	<b>Mrs. Richa Patnaik</b>	<b>Mr. Atul Sharma</b>
Date of Birth	6/10/1959	11/11/1980	27/08/1965
Qualification	M.com	PGDBM (HR)	CA
Brief Resume	Mr. S.VijayaSaradhi is a Master of commerce (M.Com.) by qualification. He is an Investment professional and having an experience of almost 20 years in various fields related to commerce and investments	Ms Richa Patnaik has secured qualification as PGDBM in Human Resource during the year 2003. She having a wide working experience of almost 15 years in the field of Human Resources and Recruitment with many of well known Companies.	Mr Atul Sharma is a Finance Professional and Experienced Finance Manager with a demonstrated history of working in the logistics, trading and retail industry. Mr. Atul Sharma is skilled in Business Planning, Risk Management, Managerial Finance, Accounting, taxation and Forecasting. Strong program and project management professional with a Bachelor of Laws (LLB) focused in Law from CCS UNIVERSITY.
Expertise in specific functional areas	Investments	Human Resource & Recruitment	Business Planning, Risk Management, Managerial Finance, Accounting, taxation and Forecasting.
Names of Listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil	Nil	Nil
Shareholding of non-executive directors.	--	--	--
No. of Shares held in the Company	400	-	-
Inter se relationship with any Director	--	--	--

**b) Key Managerial Personnel:**

Key Managerial Personnel for the financial year 2018-19

- Mr. P.Srikanth Reddy, Chairman & Managing Director of the company.
- Mr. P. Harish Naidu, Chief financial officer of the company.
- Mr. Neveen Kumar, Company Secretary of the Company.

During the year under review, Mr. P. Harish Naidu, was appointed as the chief financial officer of the Company with effect from March 25, 2019 and Mr. Neveen Kumar resigned from the post of company secretary of the company w.e.f. April 14, 2019, Mrs. Shruti Mangesh Regeis appointed as the Company Secretary of the Company with effect from August 5, 2019.

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

The existing auditors M/s. Walker Chandio& Co LLP will retire at the ensuing Annual General Meeting on expiry of 5 years term. Accordingly, the appointment of M/s. MSKA & Associates., as statutory auditors of the Company, in place of retiring auditors is placed for approval by the shareholders. The Auditors' Report for

fiscal 2019 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report. The Company has received audit report with unmodified opinion for both Standalone and Consolidated audited financial results of the Company for the Financial Year ended March 31, 2019 from the statutory auditors of the Company.

The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

**30. Internal auditors:**

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

Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are

reviewed by the Audit Committee and concerns, if any, are reported to Board. There were no adverse remarks or qualification on accounts of the Company from the Internal Auditor.

The Board has re-appointed M/s. Lakshmi Niwas & Co., Chartered Accountants, Hyderabad as Internal Auditors for the Financial Year 2019-20.

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

In terms of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based upon the recommendations of the Audit Committee, the Board of Directors had appointed M/s. S.S. Reddy & Associates, Practicing Company Secretaries (CP No. 7478) as the Secretarial Auditor of the Company, for conducting the Secretarial Audit for financial year ended March 31, 2019

The Secretarial Audit was carried out by M/s. S.S. Reddy & Associates, Company Secretaries (CP No. 7478) for the financial year ended March 31, 2019. The Report given by the Secretarial Auditor is annexed herewith as Annexure-I and forms integral part of this Report.

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

**32. Annual Secretarial Compliance Report:**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. Further, Secretarial Compliance Report dated May 14, 2019, was given by M/s. S.S. Reddy & Associates, Practicing Company Secretary which was submitted to Stock Exchanges within 60 days of the end of the financial year.

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

**33. Secretarial Audit of Material Unlisted Indian Subsidiaries:**

M/s. Palred Electrical Private Limited (PEP) and Palred Technology services Private Limited (PTS) a material subsidiary of the Company undertake Secretarial Audit every year under Section 204 of the Companies Act 2013. The Secretarial Audit of PEP & PTS for the Financial Year 2018-19 was carried out pursuant to Section 204 of the Companies Act 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Secretarial Audit Report of PEP & PTS submitted by M/s. S.S. Reddy & Associates, Practicing Company Secretary. The Company has not appointed Company Secretary during the financial year 2018-19 in both companies.

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

**34. Cost records and cost audit:**

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

**35. No Frauds reported by statutory auditors**

During the Financial Year 2018-19, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3) (ca) of the Companies Act, 2013.

**36. Declaration by the Company**

The Company has issued a certificate to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2019.

**37. 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

**38. Management discussion and analysis report:**

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

**39. Risk management policy:**

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

**40. Corporate governance:**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Regulations. A separate

section on Corporate Governance, forming a part of this Report and the requisite certificate from the Company's Auditors confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance as Annexure F.

**41. Extract of Annual Return:**

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

**42. Authorised and paid up capital of the company:**

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

**43. Declaration of independence:**

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

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

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

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

**44. Director's Responsibility Statement:**

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

- a) in the preparation of the annual accounts for the financial year ended 31 March 2019, the applicable accounting standards and schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31 March 2019 and of the

profit and loss of the Company for the financial year ended 31 March 2019;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis;
- e) Proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) Proper systems to ensure compliance with the provisions of all applicable laws were followed and that such systems were adequate and operating effectively.

**45. Vigil Mechanism/Whistle Blower Policy:**

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

The policy provides for adequate safeguards against the victimisation of employees who use the vigil mechanism. The vigil mechanism is overseen by the audit Committee.

**46. Employee stock option scheme:**

The Company has an Employee Stock Option (ESOP) scheme, namely "Employee Stock Option Scheme 2013-A" (ESOP Scheme) which helps the Company to retain and attract right talent. The Nomination and Remuneration Committee (NRC) administers the Company's ESOP scheme. There were no changes in the ESOP scheme during the financial year under review. The ESOP scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [SEBI (SBEB) Regulations, 2014].

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

During the financial year 2018-19 no employee was granted stock option equal to or exceeding 1% of the issued share capital of the Company at the time of grant of options.

**47. Corporate social responsibility policy:**

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

hence the Company need not adopt any Corporate Social Responsibility Policy.

**48. Secretarial Standards:**

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

**49. Insurance:**

The properties and assets of your Company are adequately insured.

**50. Particulars of loans, guarantees:**

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

**51. Internal Financial Control Systems:**

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

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

**52. Related Party Transactions:**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. During the financial year 2018-19, there were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

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

**53. Policy on director's appointment and remuneration:**

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

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

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

The Statement containing the particulars of employees as required under section 197(12) of the Companies Act, 2013 read with rule 5(2) and other applicable rules (if any) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Companies Act, 2013 the said annexure is open for inspection at the registered office of the Company during the working hours. Any member interested in obtaining a copy of the same may write to the Company.

**55. 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.

**56. 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.

**57. CEO/CFO Certification:**

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

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

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

This is in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and



Redressal) Act, 2013 ('POSH Act') and the Rules made thereunder. With the objective of providing a safe working environment, all employees (permanent, contractual, temporary, trainees) are covered under this Policy. The policy is available on the website at www.palred.com.

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

59. **Green Initiatives:**

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Notice of 20<sup>th</sup> Annual General Meeting of the Company are sent to all Members whose email addresses are registered with the Company/ Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

60. **Other Disclosures:**

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

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise.

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

61. **Appreciation & acknowledgement:**

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

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

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

Sd/-

**Palem Srikanth Reddy**

Chairman & Managing Director  
(DIN: 00025889)

Place: Hyderabad

Date: 26.08.2019