



SIVASUBRAMANIAN & RAO

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTELLECT PAYMENTS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Intellect Payments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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



Head Office : Flat D-2, 3rd Floor, B-Block, Parsn Paradise, No. 46, G.N. Chetty Road, T. Nagar, Chennai - 600 017
Ph: 42605611 / 42605612 E-mailsandr@sandr.co.in

Branch Office : D.No. 9-25-4/1, CBM Compound, Near Timpany School, Visakhapatnam - 530 003.
Ph: 6302842392, 9884043238. E-mailsandrsvskp@sandr.co.in

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

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

Auditor's Responsibilities

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

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

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the



financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure



A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements vide note no 26.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place: Chennai

Date: 30/04/19



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S


S. Viswanathan
Partner

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Intellect Payments Limited of even date)

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

We have audited the internal financial controls over financial reporting of Intellect Payments Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

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



company's internal financial control over financial reporting 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.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 issued by the Institute of Chartered Accountants of India.

Place: Chennai

Date: 30/04/19



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S

S. Viswanathan
S.Viswanathan
Partner

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Intellect Payments Limited of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company does not hold any immovable properties, the requirements under paragraph 1(c) of the Order about title deeds of immovable properties are not applicable to the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The Company has not accepted any deposits from the public.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.



(c) According to the records of the company, there no material dues sales-tax, wealth tax, Service tax, Custom duty, Excise Duty and Value Added Tax, Cess are outstanding on account of any disputes.

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.


xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chennai

Date: 30/04/19



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S


S. Viswanathan
Partner

Intellect Payments Limited**Balance Sheet as at March 31, 2019***(All amounts are in Rupees unless otherwise stated)*

Particulars	Note	March 31, 2019	March 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Income tax assets (net)	4	76,75,130	36,51,058
CURRENT ASSETS			
Financial asset	5		
- Trade Receivables		4,13,90,050	-
- Loans & Advances		93,03,334	2,26,35,795
- Cash and Cash equivalents		18,31,508	15,71,207
Other current assets	6	33,72,150	37,63,840
TOTAL		6,35,72,172	3,16,21,900
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Equity Share Capital	7	2,55,00,000	2,55,00,000
Other Equity	8	12,47,280	(87,141)
		2,67,47,280	2,54,12,859
CURRENT LIABILITIES			
Financial Liabilities	9		
- Trade payables		56,83,571	49,42,455
- Other Financial Liabilities		81,60,548	-
Other current liabilities	10	2,29,80,773	12,66,586
TOTAL		6,35,72,172	3,16,21,900

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For SIVASUBRAMANIAN & RAO

Chartered Accountants

ICAI Firm Registration number: 003904S


S. Viswanathan

Partner

Membership No. 20572

Place: Chennai

Date: 30-04-2019

**For and on behalf of the Board of Directors of
Intellect Payments Ltd**
Govind Singhal
Director
Rajesh Saxena
Director
V V Naresh
Company Secretary


Intellect Payments Limited
Statement of Profit and Loss for the year ended March 31, 2019
(All amounts are in Rupees unless otherwise stated)

Particulars	Note	March 31, 2019	March 31, 2018
Revenue from operations	11	4,39,02,720	4,10,10,578
Other Income		-	-
Total Income		4,39,02,720	4,10,10,578
Expenses			
Other Expenses	12	4,22,02,099	4,06,47,719
Total Expenses		4,22,02,099	4,06,47,719
Profit/(loss) before tax		17,00,621	3,62,859
Tax Expenses			
Income taxes - Current tax		3,66,200	4,50,000
- Deferred tax		-	-
- MAT credit entitlement		-	-
Profit/(Loss) for the year		13,34,421	(87,141)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Re-measurement gains/ (losses) on defined benefit plans		-	-
Items that will be reclassified subsequently to profit and loss			
Net movement on cash flow hedges		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		13,34,421	(87,141)
Earnings per share	14		
Equity shares par value Rs 5 each (March 18 Rs 5 each)			
Basic		0.26	(0.02)
Diluted		0.26	(0.02)

Summary of significant accounting policies 3
The accompanying notes are an integral part of the financial statements

As per our report of even date

For SIVASUBRAMANIAN & RAO
Chartered Accountants
ICAI Firm Registration number: 003904S

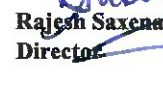

S. Viswanathan
Partner
Membership No. 20572



Place: Chennai
Date: 30-04-2019

For and on behalf of the Board of Directors of
Intellect Payments Ltd


Govind Singhal
Director


Rajesh Saxena
Director


V V Naresh
Company Secretary



Intellect Payments Limited
Statement of Changes in Equity for the year ended March 31, 2019
(All amounts are in Rupees unless otherwise stated)

Statement of Changes in Equity for the year ended 31 March 2019

a. Equity Share Capital:

Equity shares of INR 5 each issued, subscribed and fully paid

As at April 1, 2017

Issue of share capital

At March 31, 2018

Issue of share capital

At March 31, 2019

No. of shares	Amount (INR)
51,00,000	2,55,00,000
-	-
51,00,000	2,55,00,000
-	-
51,00,000	2,55,00,000

b. Other equity

For the year ended March 31, 2019

Particulars	Reserves & Surplus			Other Comprehensive Income	Total Equity
	Securities premium	General reserve	Retained earnings		
As at April 1, 2018	-	-	(87,141)	-	(87,141)
Profit / (Loss) for the year	-	-	13,34,421	-	13,34,421
As at March 31, 2019	-	-	12,47,280	-	12,47,280

For the year ended March 31, 2018

Particulars	Reserves & Surplus			Other Comprehensive Income	Total Equity
	Securities premium	General Reserve	Retained earnings		
As at April 1, 2017	-	-	-	-	-
Profit / (Loss) for the year	-	-	(87,141)	-	(87,141)
Re-measurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-
As at March 31, 2018	-	-	(87,141)	-	(87,141)

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For SIVASUBRAMANIAN & RAO

Chartered Accountants

ICAI Firm Registration number: 003904S

S. Viswanathan

Partner

Membership No. 20572

Place: Chennai

Date: 30-04-2019

For and on behalf of the Board of Directors of

Intellect Payments Ltd

Govind Singhal

Director

V V Naresh

Company Secretary


Rajesh Saxena

Director

Intellect Payments Limited
Statement of cash flow for the year ended March 31, 2019
(All amounts are in Rupees unless otherwise stated)

	March 31, 2019	March 31, 2018
Cash flows from / (used in) operating activities		
Profit before taxation	17,00,621	3,62,859
Other Comprehensive Income		
Add:		
Depreciation and amortisation	-	-
Provision for doubtful debts	-	-
Operating Profit / (Loss) before working capital changes	17,00,621	3,62,859
Movement in working capital		
Decrease / (Increase) in trade receivables	(4,13,90,050)	-
Decrease/(Increase) in loans and advances and other assets	1,37,24,151	3,11,05,780
Increase/(Decrease) in liabilities and provisions	3,06,15,851	(2,66,35,118)
Cash flow used in operations	46,50,573	48,33,521
Taxes paid	(43,90,272)	(41,01,058)
Net cash flow from / (used in) operating activities	2,60,301	7,32,463
Cash flows used in investing activities	-	-
Net cash flow used in investing activities	-	-
Cash flows from financing activities	-	-
Net cash flow from in financing activities	-	-
Exchange differences on translation of foreign currency cash and cash equivalents	-	-
Net increase / (decrease) in cash and cash equivalents during the year	2,60,301	7,32,463
Cash and cash equivalents at the beginning of the year	15,71,207	8,38,744
Cash and cash equivalents at the end of the year (Refer Note 12)	18,31,508	15,71,207
Cash and cash equivalents As per Note 12d (Disclosure)	18,31,508	15,71,207


As per our report of even date

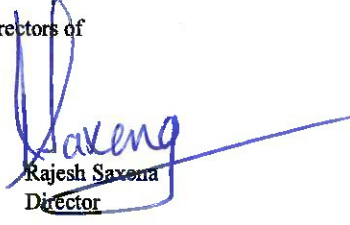
For SIVASUBRAMANIAN & RAO
Chartered Accountants
ICAI Firm Registration number: 003904S

S. Viswanathan
Partner
Membership No. 20572

Place: Chennai
Date: 30-04-2019

For and on behalf of the Board of Directors of
Intellect Payments Ltd


Govind Singhal
Director


V V Naresh
Company Secretary


Rajesh Saxena
Director

Intellect Payments Limited
Notes to the financial statements As on March 31, 2019
(All amounts are in Rupees unless otherwise stated)

1 Corporate Information

Intellect Payments Limited("The Company")(U72900TN2015PLC102491) is a company incorporated in India on 7th October 2015 with the objective of developing and distributing computer software and providing services relating to development and maintenance of computer software.
The Company is 100% subsidiary of Intellect Design Arena Limited (formerly known as Fin Tech Grid Limited) as its registered office at Carex Center 713, Anna Salai Chennai-600 006

2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

3 Summary of Significant accounting policies

3.1. Current versus non-current classification

An asset has been classified as current when it satisfies any of the following criteria;

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria;

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

3.2. Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: a) In the principal market for the asset or liability, or b) In the absence of a principal market, in the most advantageous market for the asset or liability c) The principal or the most advantageous market must be accessible by the Company.

3.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.4 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.5 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. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method, where there is no uncertainty on the measurability and collectability of the consideration. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

Revenue from software development contract and time bound contracts are recognized using proportionate completion method over the life of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.

Product maintenance revenues are recognized over the period of the maintenance contract. Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements. Revenue from time and material contracts are recognised as services are rendered and related costs are incurred. Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers.

Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

3.6 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; 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 of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.7. Taxes

Current Tax for the current year is computed as per the provisions of Section 115JB and the Minimum Alternate Tax liability (MAT) is provided for.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Intellect Payments Limited
Notes to the financial statements As on March 31, 2019
(All amounts are in Rupees unless otherwise stated)

		As at	
Particulars		March 31, 2019	March 31, 2018
NON-CURRENT ASSETS			
4	Income tax assets (net)		
	Income tax (Net of Provision)	76,75,130	36,51,058
		76,75,130	36,51,058
CURRENT ASSETS			
5	FINANCIAL ASSET		
a	Trade Receivables		
	Unsecured, Considered Good		
	-Outstanding for more than six months	-	-
	-Others	4,13,90,050	-
		4,13,90,050	-
	Trade receivables includes:		
	Receivable from related parties	4,13,90,050	-
b.	Cash and cash equivalent carried at amortized cost		
	Balance with banks		
	- On Current accounts	18,31,508	15,71,207
		18,31,508	15,71,207
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:			
	Balances with banks:		
	- On current accounts	18,31,508	15,71,207
	Cash at bank and short term deposits	-	-
		18,31,508	15,71,207
	Less – Bank overdraft	-	-
		18,31,508	15,71,207
5.b	Other financial assets carried at amortized cost		
	Prepayment and other receivables	93,03,334	67,85,146
	Loans & Advances to related parties	-	1,58,50,649
		93,03,334	2,26,35,795
6	OTHER CURRENT ASSETS		
	Input tax credit receivable	33,72,151	37,63,840
		33,72,151	37,63,840
7	SHARE CAPITAL		
	Authorised		
	3,00,00,000 equity shares of Rs 5 each.	15,00,00,000	15,00,00,000
		15,00,00,000	15,00,00,000
	(b) Issued, Subscribed and Paid up		
	51,00,000 equity shares of Rs 5 each	2,55,00,000	2,55,00,000
		2,55,00,000	2,55,00,000
Shares held by shareholders holding more than 5 percent shares in the Company.			
50,99,994 shares held by Intellect Design Arena Limited, Chennai - 99.99%		March 31, 2019	March 31, 2018
		2,54,99,970	2,54,99,970
Particulars			
No. of Shares outstanding at the beginning of the year/period		March 31, 2019	March 31, 2018
No. of Shares issued during the year		51,00,000	51,00,000
No. of Shares outstanding at the end of the year/period		-	-
		51,00,000	51,00,000

Intellect Payments Limited
Notes to the financial statements As on March 31, 2019
(All amounts are in Rupees unless otherwise stated)

	Particulars	March 31, 2019	March 31, 2018
8	OTHER EQUITY		
	Retained earnings	12,47,280	(87,141)
	Other Reserves (Cash flow hedge reserve & Foreign Currency Translation Reserve)	-	-
		<u>12,47,280</u>	<u>(87,141)</u>
	CURRENT LIABILITIES		
9	FINANCIAL LIABILITIES		
	(a) Trade payable		
	- Total outstanding dues of micro enterprises and small enterprises	-	-
	- Total outstanding dues of creditors OTHER than micro enterprises and small enterprises	56,83,571	49,42,455
		<u>56,83,571</u>	<u>49,42,455</u>
	(b) Other financial liabilities		
	Advances from related parties	81,60,548	-
		<u>81,60,548</u>	<u>-</u>
10	OTHER CURRENT LIABILITIES		
	Statutory dues	4,10,595	12,40,501
	Provision for Expenses	2,25,70,178	26,085
		<u>2,29,80,773</u>	<u>12,66,586</u>
11	Revenue from Operations		
	-Sale of services	4,39,02,720	4,10,10,578
		<u>4,39,02,720</u>	<u>4,10,10,578</u>
12	OTHER EXPENSES		
	Payment to the auditors		
	-Statutory Audit fees	1,00,000	40,000
	-Tax Audit fees	40,000	-
	-Certification Fees	16,000	-
	Cost of software packages, consumable and maintenance	1,86,91,832	1,81,15,313
	Communication expenses	2,30,06,811	2,09,42,382
	Professional and Legal charges	1,69,404	27,420
	Rent	60,000	60,000
	Repairs - Plant and machinery	1,13,455	-
	Rates and taxes excluding Taxes on Income	4,361	75
	Bank charges & commission	236	472
	Preliminary Expenses Write off	-	14,62,057
		<u>4,22,02,099</u>	<u>4,06,47,719</u>

Intellect Payments Limited

Notes forming part of the accounts for the year ended March 31, 2019

(All amounts are in Rupees in lakhs unless otherwise stated)

13 Income Tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

Statement of Profit and Loss:

Particulars	March 31, 2019	March 31, 2018
Current income tax:		
Current income tax charge	3,66,200	4,50,000
MAT credit (entitlement) / availed	-	-
Adjustments in respect of current income tax of previous year	-	-
MAT credit entitlement	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Total	3,66,200	4,50,000

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018

Particulars	March 31, 2018	March 31, 2017
Accounting Profit before income tax	17,00,621	3,62,859
At India's statutory income tax rate of 25.75%	26%	26%
Derived Tax Charge for the year (Restricted to Zero incase of loss)	4,42,162	93,436
Adjustments:		
Tax impact arising on account of set off of available losses	(75,962)	3,56,564
Net derived tax charge	3,66,200	4,50,000
Income tax expense reported in the statement of Profit and Loss	3,66,200	4,50,000

** During the current year, the company is required to pay tax as per the provision of Minimum Alternate tax under the provisions of Section 115JB, hence the effective rate of tax has been considered as 21.34%.

14 Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2019	March 31, 2018
Profit / loss attributable to the equity holders of the company used in calculating	13,34,421	(87,141)
Weighted average number of equity shares used as the denominator in calculating		
- Basic	51,00,000	51,00,000
- Diluted	51,00,000	51,00,000
Earning per share of Rs.5 each		
- Basic	0.26	(0.02)
- Diluted	0.26	(0.02)

Intellect Payments Limited
Notes forming part of the accounts for the year ended March 31, 2019
(All amounts are in Rupees in lakhs unless otherwise stated)

15 Related party transactions

a. List of related parties

Group Holding Company

1. Intellect Design Arena Ltd, Chennai, India

Subsidiaries of Group Holding company

- 1 Intellect Design Arena Limited, United Kingdom (I
- 2 Intellect Design Arena SA, Switzerland ('Intellect S
- 3 Intellect Design Arena FZ-LLC, Dubai ('Intellect D
- 4 Intellect Design Arena Limited ('Intellect Kenya')
- 5 Intellect Design Chile Ltda, Chile ('Intellect Chile')
- 6 SEEC Technologies Asia Private Ltd.***
- 7 Intellect India Limited ('Intellect India')
- 8 Laser Soft Infosystems Limited, India ('Laser Soft')
- 9 Indigo TX Software Pvt Ltd, India ('Indigo TX')
- 10 Intellect Design Arena Co. Ltd, Vietnam ('Intellect V

- 11 SFL Properties Private Ltd, India ('SFL Properties')
- 12 Intellect Design Arena Philippines Inc.('Intellect Philippines')*
- 13 Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
- 14 FT Grid Pte Ltd, Singapore ('FT Grid')**
- 15 Intellect Design Arena, PT Indonesia ('Intellect Indonesia')**
- 16 Intellect Design Arena Inc.('Intellect Canada')*
- 17 Intellect Design Arena Limited ('Intellect Thailand')**
- 18 Intellect Design Arena,SDN BHD.('Intellect Malaysia')**
- 19 Intellect Design Arena Pty Ltd.('Intellect Australia')**
- 20 Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore')
- 21 Intellect Design Arena Inc, USA ('Intellect Inc. – SEEC US')**

* Subsidiaries of Intellect Design Arena Limited, UK

** Subsidiaries of Intellect Design Arena Pte Ltd, Singapore

*** Subsidiary of Intellect Design Arena Inc., USA

Associates of Group Holding Company

1. NMS Works Software Private Limited, India ('NMS')
2. Adrenalin eSystems Limited, India ('Adrenalin eSystems')

Joint Venture of Group Holding Company

1. Intellect Polaris Design LLC,USA ('IPDLLC USA')

Others

(a) Enterprises that directly or indirectly through one or more intermediaries,over which Key Management Personnel is able to

1. Polaris Banyan Holding Private Ltd, India ('Polaris Banyan')

(b) Key management personnel (KMP)

- 1 Mr.Arun Jain
- 2.Mr.Singhal Govind
- 3.Mr.Rajesh Saxena
- 4.Mr.Vudali Venkata Naresh

b. Transactions and Balances with related parties

Particulars	31-03-2019	31-03-2018
Transactions during the Year		
Intellect Design Arena Limited		
Income:		
Rendering software development service	4,39,02,720	4,10,10,578
Balances as on Balance sheet Date		
(Payables)/Receivables		
Intellect Design Arena Limited	(81,60,548)	1,58,50,649

Terms and conditions of transactions with related parties

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees

16 Prior periods Comparatives

Previous year figures have been re grouped/ reclassified, where ever necessary to conform to this years classification



SIVASUBRAMANIAN & RAO

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTELLECT PAYMENTS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Intellect Payments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

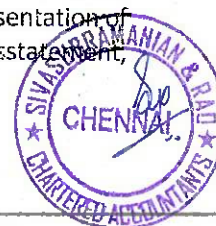
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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



Head Office : Flat D-2, 3rd Floor, B-Block, Parsn Paradise, No. 46, G.N. Chetty Road, T. Nagar, Chennai - 600 017.
Ph: 42605611 / 42605612 E-mailsandr@sandr.co.in

Branch Office : D.No. 9-25-4/1, CBM Compound, Near Timpany School, Visakhapatnam - 530 003.
Ph: 6302842392, 9884043238. E-mailsandrivskp@sandr.co.in

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

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

Auditor's Responsibilities

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

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

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the



financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure



A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements vide note no 26.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

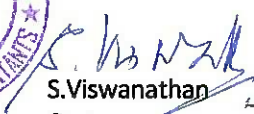
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Chennai

Date: 30/04/19



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S


S. Viswanathan
Partner

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Intellect Payments Limited of even date)

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

We have audited the internal financial controls over financial reporting of Intellect Payments Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

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



company's internal financial control over financial reporting 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.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 issued by the Institute of Chartered Accountants of India.

Place: Chennai
Date:



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S

S. Viswanathan
S. Viswanathan
Partner

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Intellect Payments Limited of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company does not hold any immovable properties, the requirements under paragraph 1(c) of the Order about title deeds of immovable properties are not applicable to the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The Company has not accepted any deposits from the public.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.



(c) According to the records of the company, there no material dues sales-tax, wealth tax, Service tax, Custom duty, Excise Duty and Value Added Tax, Cess are outstanding on account of any disputes.

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chennai

Date: 30/09/19



For SIVASUBRAMANIAN & RAO
Chartered Accountants
FRN: 003904S

S. Viswanathan
Partner