

INTELLECT DESIGN ARENA, INCORPORATED
(Formerly known as Polaris Software Lab, Incorporated)
CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTANTS' REVIEW REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2015



INTELLECT DESIGN ARENA, INCORPORATED

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Intellect Design Arena, Incorporated
2730, Sidney Street, Ste # 200
Pittsburg, PA 15222

We have reviewed the accompanying balance sheet of Intellect Design Arena, Incorporated (a Delaware Corporation) as of March 31, 2015, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management of Intellect Design Arena, Incorporated is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 5 to the financial statements, accounting principles generally accepted in the United States of America requires that the depreciation on property and equipment be provided using straight line method over the estimated useful lives of the respective assets. Management has informed us that the Company has changed method of depreciation and that, if accounting principles generally accepted in the United States of America had been followed depreciation expense would have been higher by \$ 799 for the year 2014-15 and the equity would have increased by \$ 64 with credit by way of prior period adjustment to retained earnings being \$ 863 for the periods up to March 31, 2014.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedules of direct cost, general administrative and marketing expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

The financial statements for the year ended on March 31, 2015 of SEEC Technologies Asia Private Limited, a 100% owned subsidiary of Intellect Design Arena, Incorporated were audited by Sivasubramanian & Rao, Chartered Accountants. Their report dated April 22, 2015 stated that they were not aware of any material modification that should be made to these statements in order for them to be in conformity with generally accepted accounting principles. We have completely relied on these reports submitted to us "as is", and we do not express an opinion or any other form of assurance on them.

Pandya, Kapadia & Associates CPAs PA
Pandya, Kapadia & Associates, CPA, P.A.
April 24, 2015

INTELLECT DESIGN ARENA INCORPORATED, USA
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2015

	<u>2015</u>
ASSETS	
Current Assets	
Cash In Bank & Cash Equivalents	\$ 2,461,033
Accounts Receivable	437,439
Revenue in Excess of Billing	3,368,759
Dues Receivable from Related Entities	13,241
Prepaid Taxes	384,741
Prepaid Expenses & Taxes and Other Current Assets	558,019
Tax Component on Other Comprehensive Income (Loss)	457,932
TOTAL CURRENT ASSETS	<u>7,681,164</u>
Fixed Assets	
Land	2,912,436
Property, Equipment, Furniture & Fixtures & Leasehold Improvements (net)	468,576
TOTAL FIXED ASSETS	<u>3,381,012</u>
Other Assets	
Investment in Realated Entities	250,000
Security Deposits	55,514
Deferred Tax Asset	10,956
TOTAL OTHER ASSETS :	<u>316,470</u>
TOTAL ASSETS :	<u>\$ 11,378,646</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable	\$ 3,681,846
Billing in excess of Revenue	181,278
Dues Payable to Related Entities	2,970,732
Provision for Taxes	10,077
Accrued Expenses & Taxes Payable and Other Current Liabilities	1,556,007
Current Portion of the term Loan (installment payable in next 12 months)	430,469
TOTAL CURRENT LIABILITIES	<u>8,830,409</u>
Term Liabilities	
Term Loan from Group Entity (excluding current portion)	1,540,000
TOTAL TERM LIABILITIES	<u>1,540,000</u>
TOTAL LIABILITIES	<u>10,370,409</u>
Stockholders' Equity	
Equity	7,005,000
General Reserve	(4,018,650)
Retained Earnings	(1,371,086)
Accumulated Other Comprehensive Income (Loss)(net of tax)	(607,027)
TOTAL STOCKHOLDERS' EQUITY	<u>1,008,237</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 11,378,646</u>



INTELLECT DESIGN ARENA INCORPORATED, USA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>
INCOME :	
Revenue from operations	\$ 7,761,951
LESS COST OF SALES	
Direct Cost	See Schedule 1 3,192,788
GROSS PROFIT	<u>4,569,163</u>
GENERAL ADMINISTRATIVE, MARKETING & OPERATING EXPENSES:	
General Administrative & Marketing Expenses	Schedule 2 8,772,019
Depreciation	61,417
TOTAL	<u>8,833,436</u>
INCOME FROM OPERATIONS	<u>(4,264,273)</u>
OTHER INCOME AND EXPENSES	
Interest Income	152,192
Miscellaneous Income	97,378
Exchange Fluctuation	(15,056)
Interest Expense	(76,997)
TOTAL OTHER INCOME (EXPENSES)	<u>157,517</u>
NET INCOME BEFORE INCOME TAXES	(4,106,756)
Less :	
Current Taxes	65,800
Deferred Taxes	(5,938)
NET INCOME FOR THE YEAR ENDED MARCH 31, 2015	<u>\$ (4,166,618)</u>
OTHER COMPREHENSIVE INCOME (LOSS)	
Foreign Currency Translation Gain (Loss)	<u>(74,412)</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>(74,412)</u>
COMPREHENSIVE INCOME	<u>(4,241,030)</u>



INTELLECT DESIGN ARENA INCORPORATED, USA
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Equity Shares Issued	General Reserve	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE, March 31, 2014	\$ 7,005,000	\$ (4,018,650)	\$ 2,796,395	\$ (532,615)	\$ 5,250,130
Prior Period Adjustments			(863)		(863)
COMPREHENSIVE INCOME					
Net Income			(4,166,618)		(4,166,618)
Other Comprehensive Income (Loss), net of tax: net of \$ 401,797 income tax (benefit)				(607,027)	
Changes in Translation Gain (Loss) on Consolidation				(74,412)	(74,412)
TOTAL COMPREHENSIVE INCOME					(4,241,030)
DISTRIBUTION TO STOCKHOLDERS					-
BALANCE, March 31, 2015	\$ 7,005,000	\$ (4,018,650)	\$ (1,371,086)	\$ (607,027)	\$ 1,008,237



INTELLECT DESIGN ARENA INCORPORATED, USA
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ (4,166,618)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	61,417
Net adj to Fixed Assets (and prior period depreciation) on translation	9,729
Deferred Taxes	(5,703)
Prior Period Adjustments to Retained Earnings	(863)
Changes In assets and Liabilities :	
(Increase) / Decrease in Assets:	
Accounts Receivable	3,426,193
Prepaid Expenses & Taxes and Other Current Assets	(426,724)
Revenue in Excess of Billing	(3,138,598)
Increase / (Decrease) In Liabilities:	
Accounts Payable	3,003,125
Accrued Expenses & Taxes and Other Current Liabilities	916,591
Billing in excess of Revenue	(423,716)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(745,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Invstment in Related Entities	(250,000)
Loans and Advances to Affiliates	(13,241)
Property, Equipment, Furniture & Fixtures	(7,248)
Security Deposits	(28,784)
NET CASH USED IN INVESTING ACTIVITIES	<u>(299,273)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Loans & Advances from Affiliates	2,200,145
NET CASH FROM FINANCING ACTIVITIES	<u>2,200,145</u>
NET REDUCTION IN CASH	1,155,705
CASH AT BEGINNING OF YEAR	1,435,876
Effects of Currency Traslation on Cash and Cash Equivalents (gross)	(130,548)
CASH AT END OF YEAR	<u>\$ 2,461,033</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ 76,997
Income taxes paid	\$ 20,840

See accompanying notes and independent accountants' report.
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INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY – NATURE OF OPERATIONS

Intellect Polaris Incorporated was incorporated as Delaware Corporation on September 24, 2008. As of October 28, 2008, after acquiring 100% stock in SEEC Incorporated, a certificate of merger was filed with Delaware State, to merge Intellect Polaris Incorporated with SEEC Incorporated. Thereafter the merged entity was named as Intellect SEEC Incorporated and as of June 16, 2010, name of the Company has been changed to Polaris Software Lab, Incorporated, and then, as of December 23, 2014, to Intellect Design Arena, Incorporated, by filing a Certificate of Amendment with the Secretary of State, State of Delaware. Polaris Software Lab Pte Limited, Singapore is holding 100% equity in the Company and during the current year ended March 31, 2015, name of the holding company was also changed to Intellect Design Arena Pte Limited. Intellect Design Arena Limited, India is holding 100% equity in Intellect Design Arena Pte Limited, Singapore.

Subsequent to the acquisition of SEEC Incorporated, balance sheet of the company was derived in utilizing Purchase Method as permitted under the then *FASB141R*, i.e., when company acquires all of the equity of other company, it records all of the assets and liabilities at their full fair value and all assets and liabilities are reported at their fair value on the date of acquisition.

The Company is engaged in developing, marketing, selling and supporting business component and application management software and solutions. The company derives its revenues from licensing of software products. The company's customer base consists primarily of large and medium sized organizations, including corporations, third party information technology service providers, and governmental agencies. The Company was handling both project related business and service related business as up to the last year. In the current Year, there have changes in the operational structure of the group with all the project related business pooled to one entity and service related business to another entity. In the US, project related business is being handled by the Company and service related business by the US Branch of Polaris Consulting & Services Limited. Both the entities were hither to undertaking both project and service activity and upon the reorganization, the company had to transfer its service business to the US Branch of Polaris Consulting & Services Limited and vice versa.

The Company is operating in India, through its wholly owned subsidiary, SEEC Technologies Asia Private Ltd, India. It is engaged in the activity of developing, marketing, selling and supporting business component and application management software and solutions.

BASIS OF PREPARATION & CONSOLIDATION

The accompanying financial statements of Intellect Design Arena, Incorporated and its wholly owned subsidiary, SEEC Technologies Asia Private Ltd, India, were prepared to comply with in all material respects with the mandatory accounting standards issued under generally accepted accounting principles. The Financial statements have been prepared under the historical cost convention on an accrual basis. All amounts are stated in United States dollars. The consolidated financial statements reflect the position of assets & liabilities as on March 31, 2015 and the operations for the year then ended, for



INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

Intellect Design Arena, Incorporated and its subsidiary. All significant intercompany accounts and transactions between holding company and subsidiary were eliminated in consolidation.

REVENUE RECOGNITION

As up to June 30, 2014, the Company was deriving its revenues primarily from on-site consulting services and project work. As of July 1, 2014, upon reorganization of the group's global operations, this company has been deriving its revenues from project work only. In order to ensure continuity and follow up till the entire reorganization (i.e., demerger of project activity and services activity) is effected, and in order to address crisscross revenue related issues among the group entities, they have adopted a new intercompany billing, as per which, the Company will transfer all the revenue derived from services activity and cost related to the said revenue has been transferred to the US Branch of Polaris Consulting & Services Limited and then the company would raise invoice for 4% of the said revenue from services towards margin from the revenue transferred. The management believes that during the 9 months period from July 2014 to March 2015, the demerger was affected completely and there would be no need to transfer any revenue from April 1, 2015 onwards. In the year ended March 31, 2015, the Company has derived \$ 184,541 by way of 4% margin on the services business transferred to Polaris Consulting & Services Limited.

Revenue with respect to time and material contracts is recognized as related costs are incurred. Revenue, with respect to fixed fee contracts, is recognized on percentage of completion basis and measured using contract milestone achieved, and the revenue recognized on approximate billings. Provisions for estimated losses if any, on uncompleted contracts, are recorded in the period in which such losses become probable based on current estimates.

Revenue in excess of billing – the Company has recognized income for fixed bid projects based on work performed but the billing has not been carried out since the contractual payment terms were not completed.

Revenue reported includes the revenue reported by the company's wholly owned subsidiary, SEEC Technologies Asia Private Ltd, and the financial statements of the subsidiary were audited by another auditor, utilizing the same revenue recognition policies as per the company, Intellect Design Arena, Incorporated.

USE OF ESTIMATES

Preparation of financial statements in conformity with the generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates and any revision to accounting estimates is recognized in the period in which revisions are made. Estimates are used for but not limited to accounting for allowance for doubtful accounts, useful lives of fixed assets and capitalization of cost, etc.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

CASH & CASH EQUIVALENTS

The Company considers all highly liquid investments with a remaining maturity at the date of purchase/investment of 3 months or less to be cash equivalents. Cash and Cash equivalents consist of cash, cash on deposit with banks, deposits with corporations, etc.

ACCOUNTS RECEIVABLE AND ACCOUNTING BAD DEBTS

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of March 31, 2015, as per the assessment of the management, the outstanding balances reported under accounts receivable are collectible and no valuation allowance was required, as per the current status of these accounts.

PROPERTY AND EQUIPMENT

Property and Equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from the disposition, is reflected in earnings. Till March 31, 2014, the company has been providing for depreciation on property and equipment using straight line method over the estimated useful lives of the respective assets. However, in the current year, the company changed the depreciation method to Indian GAAP, retrospectively, as described in Note 5.

FOREIGN CURRENCY TRANSACTIONS

Functional currency for the Company's foreign operations is the US Dollar. Monetary assets and liabilities of the Company's foreign subsidiary were translated at year end exchange rates and non-monetary items at historical rates. Revenues and expenses are translated at the average exchange rates in effect during the period. Translation gain or loss has been recognized as other comprehensive income. Tax portion on other comprehensive income, was shown as part of accrued taxes.

DEFERRED INCOME TAXES

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred taxes are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities on account of changes in tax rates is recognized in the period included the enactment date.

For income tax reporting, the Company uses accounting methods that recognize depreciation sooner than for financial statement reporting. As a result, the basis of property and equipment for financial reporting exceeds its tax basis by the cumulative amount that accelerated depreciation exceeds straight-line depreciation. Deferred income taxes have been recorded for the excess, which will be taxable in future periods through reduced depreciation deductions for tax purposes. Deferred tax asset reported on the balance sheet represents the amount reported by the Company's India Subsidiary in its audited financial statements (duly translated into \$).



INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes that are available to offset future taxable income.

PRODUCT WARRANTY

The Company provides a 90 day warranty for software products against substantial non-conformance to the published documentation at the time of delivery.

GENERAL RESERVE

The excess purchase consideration paid over and above net asset value as on the date of merger was shown as Reserve (negative amount) under Stockholders' Equity in the balance sheet, instead of showing as goodwill on the balance sheet.

In accordance with *FASB ASC 350 (formerly SFAS No. 142), "Intangibles - Goodwill and Other Intangible Assets"*, goodwill is no longer amortized; instead it is tested for impairment on an annual basis. The Company assesses the impairment of goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the company considers to be important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results,
- Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

As required by *FASB ASC 350*, the impairment test is accomplished using two step approach. The first step screens for impairment and, when impairment is indicated, second step is employed to measure the impairment.

Considering the fact that the amount shown under reserve is in the nature of goodwill, management evaluates this balance by making it subject to impairment test on annual basis, in accordance with *FASB ASC 350*.

Determination of impairment requires the management to make series of critical assumptions to (i) evaluate whether impairment exists and (ii) measures the amount of impairment, in two step approach, indicated above.

In the current year, while the Company reported net losses, mainly due to the demerger of activity, its tangible net worth remained positive. The management believes that the above performance is one-time phenomenon and based on outlook for the year 2015-16, the goodwill is fairly valued and no impairment is necessary in the current year.

SOFTWARE DEVELOPMENT COSTS

Software development costs are expensed as incurred until technological feasibility, defined as working prototype, has been established, at which time such costs are capitalized until the product is available for general release to customers.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through April 24, 2015, the date which the financial statements were available to be issued.

NOTE 2- GOING CONCERN

The accompanying balance sheet has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

NOTE 3 – RELATED PARTY TRANSACTIONS

The related party transactions, as of March 31, 2015, are summarized as under:

<u>Related Party</u>	<u>Nature of Relation</u>	<u>Transaction Type</u>	<u>Amount</u>
Polaris Consulting & Services Limited India and Its US branch	Parent Company of the Group for Services activity & its US Branch	Revenue	\$ 425,586
		Receivables	50,329
		Dues Receivable	11,278
		Direct Cost (Outsourcing Expense)	196,500
		Dues Payable	2,946,484
		Miscellaneous Income (Rent)	76,997
		General Adm. & Operating Expenses (Rent Paid by SEEC Asia)	23,015
Polaris Software Lab S.A. Switzerland	Subsidiary of the Holding Company	Loan Outstanding	1,970,469
		Interest Expense	76,997
		Royalty/sub-license Expense	1,500
Intellect Design Arena Limited, India	Parent Company of the Group for Project activity	Revenue	609,771
		Accounts Receivable	304,496
		Revenue accrued but not billed	241,600
		Dues Payable	23,091
		Accounts Payable	2,461,983
		Direct Cost (support charges & license fee)	2,463,183
Intellect Polaris Design LLC	Group Entity	Dues Receivable	1,963
		Investment in Membership Interests	250,000
SFL Properties P Limited	Group Entity	Interest Income	19,430
Indigo TX Software P Ltd	Group Entity	Dues Payable	1,156

LOAN OUTSTANDING: The Company has availed a loan of \$ 3 Million from Polaris Software Lab S.A. Switzerland (Related Party and Subsidiary of the Holding Company, Polaris Software Lab Limited, India) in terms of Loan Agreement dated March 29th, 2010. The loan carries interest @ 4% p.a., with repayment schedule commencing from April



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

2010, for five years with equal annual installments on principal along with interest falling due on each subsequent March 31st. As of March 29, 2015, the principal outstanding was \$ 1,925,537 and as of that date, it was mutually agreed to revise the repayment terms, as per which the loan outstanding shall be repayable in 5 equal annual installments commencing from March 29, 2016. Outstanding position as of March 31, 2015 was as follows:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Loan from Polaris Software Lab S.A. Switzerland	\$ 1,970,469	\$ 1,932,356
Of which, Term Portion	\$ 1,540,000	\$ 0

Based on market rates for similar loans, at March 31, 2015 and 2014, the fair value of the note approximates its carrying amount. In terms of the note, the entire balance should be repaid by March 31, 2020 and accordingly, the aggregate maturities are as follows:

Years ending March 31,	Amount
2016	\$ 430,469
2017	\$ 385,000
2018	\$ 385,000
2019	\$ 385,000
2020	\$ 385,000

NOTE 4—FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification (FASB ASC 825-10)*, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statements of financial condition for cash and cash equivalents approximate those assets' fair values. The carrying amount of significant financial instruments approximated fair value as of March 31, 2015, due to their short term maturities.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

Short-term borrowings and notes payable: The carrying amounts of short-term borrowings and notes payable approximate their fair values.

Advances: The carrying amount of advance payments approximate fair value.

No derivatives were held by the Company for trading purposes.

The Revenues of the company fall within the category of software consultancy services.

Concentration of Credit Risk from Cash Deposits in Excess of Insured Limits:

The Company maintains its cash balances with Banks in its operating accounts and the balances are insured by the Federal Deposit Insurance Corporation. As of the Balance sheet date, and periodically throughout the year, the company has maintained balances in these accounts, in excess of federally insured limits.

Concentration of Credit Risk and Customers:

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of accounts receivable. The Company grants credit to customers on a regular basis. On March 31, 2015 amounts due from top five customers aggregated to \$ 0.427 Million, representing 98% of the total accounts receivable, as on that date. In the year ended March 31, 2015, aggregate revenues from the afore-stated five customers accounted for 20% of total revenues. Customer accounts are typically collected within a short period of time, and based on its assessment of current conditions; management believes that the outstanding balances in accounts receivable as at the end of March 31, 2015 are good and uncollectible balances, if any, as of that date will be immaterial and therefore, customer accounts were reported at the amount of principal outstanding.

NOTE 5 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consist of the following:

	March 31, 2015	March 31, 2014
Land	\$ 2,912,436	\$ 2,914,089
Building	336,459	340,555
Furniture, Fixtures, Plant & Machinery and Vehicles	1,519,540	1,542,031
Leasehold improvements	527,926	527,926
Gross	5,296,361	5,324,601
Accumulated depreciation	(1,915,349)	(1,879,692)
Net	\$ 3,381,012	\$ 3,444,909

During the year ended March 31, 2015, there have been additions aggregating to \$ 7,248; however, there were no retirement or otherwise disposing off of any property, equipment & fixtures. There has been a net adjustment to Property, Equipment and Leasehold Improvements and Accumulated Depreciation, aggregating to \$ 9,729 (net credit, as shown in cash flow statement), due to translation of these assets and accumulated depreciation of the Indian Subsidiary in to Dollars, on consolidation.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

Change in Accounting Estimates: Accounting principles generally accepted in the United States of America requires that the depreciation on property and equipment be provided using straight line method over the estimated useful lives of the respective assets. In the current year, the management has effected change in depreciation method from US GAAP to Indian GAAP, i.e., from straight line to WDV method with changed the estimated lives of individual asset groups. Effect of adopting this method retrospectively, resulted in increase in accumulated depreciation as of March 31, 2014 by \$ 863. And in the year ended March 31, 2015, the depreciation as per the revised method was higher by \$ 799 and adjustment to retained earnings for the period up to March 31, 2014 (for retrospective application of the change) was credit \$ 863. Thus there has been increase of \$ 64 to the equity of the Company owing to this change in method of depreciation.

NOTE 6 – INVESTMENT IN GROUP ENTITY

In October 2014, the Company has made investment of \$ 250,000 by way of 5% Membership Interests in Intellect Polaris Design, LLC. Intellect Polaris Design, LLC was formed on July 23, 2014 to acquire 75,000 sq. ft. space in an office complex located in Piscataway, New Jersey. This LLC has two members with Polaris Consulting & Services Limited, India (Parent Company of the Group for Services activity) holding balance of 95% membership Interests (by contributing \$ 4,750,000 in the LLC). Management is of the view that based on market valuation for the property at March 31, 2015; fair value of the note approximates its carrying amount.

NOTE 7 – COMMITMENTS & CONTINGENCIES

DESCRIPTION OF LEASING ARRANGEMENTS:

The Company leased its office buildings in Pittsburg, PA and also in India. The lease terms for these office premises are longer than one year term. The company is responsible for future lease payment obligation up to the date of next renewal, on leases that are in force and renewable in future, are as under:

<u>Property leased</u>	<u>Leased from</u>	<u>Leased up to</u>	<u>Future lease</u>
Pittsburg PA Office	01/01/13	12/31/17	\$ 505,302
PS Executive	06/01/13	05/31/14	-
P S Executive	06/01/13	05/31/15	3,294
Montgomery Office	05/01/14	07/31/17	200,893
Casablanca Wisconsin	09/01/14	08/31/15	11,172
Marbella	10/27/14	05/26/15	\$ 5,480

Future lease payment obligations aggregate to \$ 726,141 and of this, \$ 284,385 would be due in the year 2015-16, and \$ 264,444 & \$ 177,312, respectively during the years from 2016-17 and 2017-18. Rent expense of \$ 394,534 in the current year (\$ 228,177 reported in 2013-14), comprises of \$ 306,368 being rent paid for the above premises and balance for other offices rented by SEEC Technologies Asia Private Limited, India, wholly owned subsidiary of the Company. The subsidiary has an arrangement for its office premises in Hyderabad, India, with the owner of the premises, Polaris Software Lab Limited, India, on monthly tenancy basis terms and no formal lease deed has been signed between them.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

NOTE 8—INCOME TAXES

The Company reports corporate tax returns on accrual method of accounting, deferred taxes are recorded on the deferred income as reported on the financial statement as well as on corporate tax returns using timing difference and certain items, such as depreciation, amortization and investments as per equity method of reporting, for the tax purposes in the year other than the years they are reported on financial statement. Income taxes are provided in accordance with the asset and liability method as set forth in *Accounting Standards Codification 740 (ASC 740, previously known as SFAS 109), Accounting for Income Taxes*.

The current charges for the income taxes are calculated in accordance with relevant Federal and State tax regulations applicable to the company. The Company, as of March 31, 2014, has carried forward net operating losses (NOL) in the amount of \$ 5,236,473, from the merged entity, SEEC Inc. The Company shall have huge benefit in their future income taxes payable over 15 years from the NOL carried forward. In 2015-16 & years thereafter, the Company proposes to utilize the benefit (approximately \$ 1,059,405 in the form of Federal & State Taxes), as the Company reported net loss for the current year. However, the management proposes to examine its operations, in particular, net income from operations, in next few years, before recognizing deferred tax asset for the carried forward net operating losses, till such time, it proposes to claim every year, based on net income posted for the respective year.

The provision (benefit) for income taxes consists of the following components:

	2014-15	2013-14
Current Taxes	\$ 10,077	\$ 8,577
Deferred Tax (Asset)	\$ (10,956)	\$ (5,253)

The income tax provision (benefit) differs from the expense that would result from applying federal statutory rates to income before income taxes because certain expenses are not deductible for tax purposes. Provision indicated for the current year (\$ 10,956) represents the balance of Federal Income Tax and State taxes payable for the current year.

Prepaid Taxes \$ 365,210 (\$ 199,701 reported as of March 31, 2014) being advance tax (net of provision for tax) paid by the Indian Subsidiary, in India and \$ 19,531 (\$ 20,642 reported as of March 31, 2014) paid by the Company in the US, being amount of refund due from IRS. Corporate tax expense reported in consolidated income statement \$ 65,800 represent amount reported by the Indian subsidiary, in its books for the current year and prior year taxes, paid in this year. Deferred taxes reported on the income statement were on account of Indian Subsidiary.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before March 2012. The Company's tax returns are subject to examination by federal and state taxing authorities. Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the accompanying financial statements may be subject to change at a later date upon final determination by the respective taxing authority.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

NOTE 9- CONSOLIDATED SUBSIDIARIES / OTHER COMPREHENSIVE INCOME

As of March 31, 2015, the company has wholly owned subsidiary viz., SEEC Technologies Asia Private Ltd, India (subsidiary). Balance Sheet of the subsidiary, as at March 31, 2014 and the Income Statement for the year then ended, were audited by other Auditors in India. For the purpose of presenting consolidated financial statements of the company, the financials of the subsidiary provided by the Company were included on "as is" basis.

The Financial Statements of the subsidiary were denominated in Indian Rupees and translated into USD for consolidation. Such translation of Income for the current year and Assets and Liabilities (excluding outstanding in the nature of long term investments of the holding company in the subsidiary), in terms of *Accounting Standards Codification 830 (FASB ASC 830, previously known as FASB 52)*, Foreign Currency Translation, as of March 31, 2015, has resulted in aggregate translation loss of \$ 1,064,959 (\$ 934,412, as of March 31, 2014). Accumulated Other Comprehensive Income (Loss) as on March 31, 2015 stands at (\$ 607,027) [(\$ 532,615) as of March 31, 2014], net of tax component (benefit) \$ 457,932 as of March 31, 2015 (\$ 401,797 as of March 31, 2014). Accumulated Other Comprehensive Income (Loss) and Tax Component on Other Comprehensive Income as of March 31, 2015 were reported under the Stockholders' Equity and Current Assets of the balance sheet, respectively and the increase in Accumulated Other Comprehensive Income (gross) has been shown as effect of Currency Translation on Cash and Cash equivalents, on the Cash Flow Statement.



SUPPLEMENTARY INFORMATION

SCHEDULES OF DIRECT COST
&
GENERAL, ADMINISTRATIVE & MARKETING EXPENSES



INTELLECT DESIGN ARENA INCORPORATED, USA
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

SCHEDULE 1 - DIRECT COST

Consulting / Outsourcing Expense	\$ 1,044,532
Salary & Wages	1,551,747
Payroll Taxes	127,798
Professional Charges	200,955
Health Insurance	157,772
Travel	11,906
Consultant Relocation Expenses	3,000
Staff Welfare	4,823
Visa Expenses	43,101
Telephone Expenses	47,154
TOTAL DIRECT COST ..	<u>\$ 3,192,788</u>

SCHEDULE 2 - GENERAL ADMINISTRATIVE & MARKETING EXPENSES

Audit fees	\$ 24,124
Advertisement	32
Administrative charges for PF	693
Bank Service Charges	1,783
Business Promotion	246,791
Software Licenses	1,600,383
Software Development Charges (Indirect)	638,357
Corporate Expenses Recovery	196,500
Health Insurance	180,162
Insurance	9,092
Meals & Entertainment	27,495
Membership & Subscriptions	79,703
Office maintenance	24,301
Officers' Salary	693,495
Payroll Expenses	9,256
Payroll Taxes (Administration)	330,078
Postage & Courier	7,875
Power & Fuel	29,785
Printing & Stationery	11,811
Rates & Taxes	25,823
Rent	394,534
Repairs and maintenance	26,230
Salary & Wages (Administration)	3,818,551
Security Services	12,353
Staff Welfare (Administration)	1,206
Telephone (Administration)	11,788
Travel Expense (Administration)	359,894
Training Expenses	9,924
TOTAL GENERAL, ADMINISTRATIVE & MARKETING EXPENSES	<u>\$ 8,772,019</u>

