



**Report of the auditors of Intellect Design Arena Limited, Germany to S.R. Batliboi & Associates LLP, auditors of INTELLECT DESIGN ARENA LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

To **Intellect Design Arena Limited, Germany**

**Opinion**

We have audited the statement of quarterly and year to date financial results of the Company for the quarter ended **March 31, 2024** and year ended March 31, 2024 of **Intellect Design Arena Limited, Germany** (the Company). The financial results include the results for the quarter ended March 31, 2024 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2024 and the unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial results give a true and fair view of its results of operations for the year and quarter then ended in accordance with the accounting policies adopted by **Intellect Design Arena Limited** hereinafter referred to as **"the group accounting policies"**.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Basis of Accounting**

We draw attention to Note 1 to the financial results, which describes the basis of accounting. The financial results are prepared to assist the statutory auditors of **Intellect Design Arena Limited** ("the Holding Company") for the purpose of expressing an opinion on the consolidated financial results of the Holding Company.

**Other Matter**

The Company will prepare a separate set of financial statements for the year ended March 31, 2024 in accordance with the on which a separate auditor's report was issued by to the members of the Company.

**Management's Responsibility for the Financial Results**

The management of the Company is responsible for the preparation and presentation of the financial results that give a true and fair view of the results of operations of the Company in accordance with the group accounting policies; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The management is also responsible for overseeing the Company's financial reporting process.



# CHAKRALA AND ASSOCIATES

## Chartered Accountants



### Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results 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 financial results.

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

- Identify and assess the risks of material misstatement of the financial results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- 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 financial results 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 financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.

**For CHAKRALA AND ASSOCIATES**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 012657S**



**Murali Krishna Chakrala**  
**Proprietor**  
**Membership Number: 210566**  
**UDIN: 24210566BKAPQQ9489**

Place: Chennai  
Date: 07.05.2024

**Intellect Design Arena GmbH, Germany**  
**Balance Sheet as of March 31, 2024**  
**(All amounts are in Rupees in INR unless otherwise stated)**

Particulars	Note	Mar 31, 2024	Mar 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	178,335	75,692
Right-of-use-assets	4	-	283,310
		-	-
Financial assets			
- Loans and deposits	6	406,347	138,095
Deferred tax assets (net)	7	-	20,571,241
<b>CURRENT ASSETS</b>			
Financial asset			
- Trade receivables	8	242,147,338	8,923,697
- Cash and Cash equivalents	9	63,148,663	23,359,419
- Other financial assets	10	1,264,442,499	338,895,406
Other current assets	11	17,874,547	4,064,850
<b>TOTAL</b>		<b>1,588,197,729</b>	<b>396,311,710</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Equity Share Capital	12	17,892,835	2,155,300
Other Equity		220,072,366	90,449,066
<b>Total Equity</b>		<b>237,965,201</b>	<b>92,604,366</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities			
- Lease Liability		0	486,461
Deferred Tax Liabilities (Net)	13	20,969,008	-
<b>CURRENT LIABILITIES</b>			
Financial Liabilities			
- Trade payables	14		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	1,106,886,200	175,411,803
- Other financial liabilities	15	24,201,054	14,486,389
Other current liabilities	16	165,636,253	72,090,742
Current Tax liabilities (Net)	17	32,540,013	41,231,948
<b>TOTAL</b>		<b>1,588,197,729</b>	<b>396,311,710</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For CHAKRALA AND ASSOCIATES**

**Chartered Accountants**

**ICAI Firm Regn No: 012657S**

*Murali Krishna Chakrala*



**Murali Krishna Chakrala**

**Proprietor**

**Membership No : 210566**

Place: Chennai

Date: 07.05.2024

## Profit and Loss Account for the period ended March 31, 2024

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

Particulars	Note	Mar 31, 2024	Mar 31, 2023
<b>INCOME</b>			
Revenue from operations	18	1,541,883,950	187,854,447
Other Income	19	24,551,524	18,567,362
<b>TOTAL INCOME</b>		<b>1,566,435,473</b>	<b>206,421,809</b>
<b>Expenses</b>			
Employee benefit expenses	20	124,306,019	85,127,873
Depreciation and amortization expenses	3	314,245	812,003
Finance costs	22	5,907	256,436
Other expenses	21	1,266,554,221	84,062,614
<b>Total Expenses</b>		<b>1,391,180,391</b>	<b>170,258,925</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>175,255,082</b>	<b>36,162,884</b>
Exceptional Items		-	-
<b>Profit before extraordinary items and tax</b>		<b>175,255,082</b>	<b>36,162,884</b>
Extraordinary Items		-	-
<b>PROFIT BEFORE SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURE AND TAX</b>		<b>175,255,082</b>	<b>36,162,884</b>
Share of profit of Associates and Joint venture		-	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>175,255,082</b>	<b>36,162,884</b>
<b>TAX EXPENSES</b>			
Income taxes - Current tax		25,060,162	12,717,309
- Deferred tax		24,646,112	(546,797)
<b>PROFIT FOR THE YEAR</b>		<b>125,548,808</b>	<b>23,992,372</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		4,074,493	6,957,470
<b>Other Comprehensive Income for the year, net of tax</b>		<b>4,074,493</b>	<b>6,957,470</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>129,623,301</b>	<b>30,949,843</b>

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For CHAKRALA AND ASSOCIATES  
Chartered Accountants  
ICAI Firm Regn No: 012657S

*Murali Krishna Chakrala*

Murali Krishna Chakrala  
Proprietor  
Membership No : 210566



Place: Chennai  
Date: 07.05.2024

Intellect Design Arena GmbH, Germany  
 Statement of Changes in Equity for the year ended March 31, 2024

Intellect Germany

Particulars	Reserves & Surplus	Items of OCI	Total Equity
	Retained earnings	Foreign Currency Translation Reserve	
<b>As at 1st April 2023</b>	79,935,284	10,513,782	90,449,066
Profit / (Loss) for the year	125,548,808		125,548,808
Movement in Foreign Currency Translation Reserve (FCTR) through OCI		4,074,493	4,074,493
<b>As at Mar 31, 2024</b>	<b>205,484,091</b>	<b>14,588,275</b>	<b>220,072,366</b>



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**Intellect Design Arena GmbH, Germany**  
**Statement of Changes in Equity for the year ended March 31, 2024**

**Intellect Germany**

Particulars	Reserves &	Items of OCI	Total Equity
	Retained earnings	Foreign Currency Translation Reserve	
<b>As at 1st April 2022</b>	55,942,911	3,556,312	59,499,223
Profit / (Loss) for the year	23,992,372		23,992,372
Re-measurement of the net defined benefit liability/asset, net of tax effect			
Fair value movement in cash flow hedge			
Movement in Foreign Currency Translation Reserve (FCTR) through OCI		6,957,470	
Exercise of share options			-
Ind AS - 115 transition adjustment for the year			-
Issue of shares on Preferential allotment	-		-
Share-based payments for the year		-	-
Transfer on account of options not exercised for the year	-		-
<b>As at Mar 31, 2023</b>	<b>79,935,284</b>	<b>10,513,782</b>	<b>90,449,066</b>



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## **1 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Estimates and assumptions**

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.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### **Share-based payments**

The Company initially measures the cost of Equity-settled transactions with employees using a black scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



**Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**2 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	Retained Earnings	Net movement on cash flow hedges	Total
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**During the year ended Mar 31, 2024**

Re-measurement gains (losses) on defined benefit plans	-	-	-
Currency forward contracts	-	-	-

**During the year ended Mar 31, 2023**

Re-measurement gains (losses) on defined benefit plans	-	-	-
Currency forward contracts	-	-	-





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**Plant property and equipment****Germany**

Particulars	Plant & Machinery	Total
<b>Gross block</b>		
<b>As at April 1, 2023</b>	<b>121,108</b>	<b>121,108</b>
Additions	132,696	132,696
Translation Difference	596	596
Deletions	-	-
<b>As at Mar 31, 2024</b>	<b>254,400</b>	<b>254,400</b>
<b>Depreciation</b>		
<b>As at April 1, 2023</b>	<b>45,416</b>	<b>45,416</b>
For the year	30,391	30,391
Translation Difference	258	258
Deletions	-	-
<b>As at Mar 31, 2024</b>	<b>76,065</b>	<b>76,065</b>
<b>Net book value</b>		
<b>As at Mar 31, 2024</b>	<b>178,335</b>	<b>178,335</b>
<b>As at Mar 31, 2023</b>	<b>75,692</b>	<b>75,692</b>



**Intellect Design Arena GmbH, Germany**

**4 Right of use asset**

	<b>Intellect Germany</b>
<b>Particulars</b>	<b>Right of use asset</b>
<b>Gross Block</b>	
As at April 1, 2023	1,869,839
Additions	-
Translation Difference	(27,178)
Deletions	(1,842,661)
<b>As at Mar 31, 2024</b>	<b>-</b>
<b>Right of use asset -Accumulated Depreciation</b>	
As at April 1, 2023	1,586,529
Depreciation charge for the year	283,853
Translation Difference	(27,723)
Disposals	(1,842,661)
<b>As at Mar 31, 2024</b>	<b>-</b>
<b>Net Block</b>	
<b>As at Mar 31, 2024</b>	<b>-</b>
<b>As at Mar 31, 2023</b>	<b>283,310</b>

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Intellect Design Arena GmbH, Germany  
Notes to the Financial Statements for the year ended March 31, 2024  
(All amounts are in Rupees in INR unless otherwise stated)

Particulars	Mar 31, 2024	Mar 31, 2023
<b>6 Loans and deposits, carried at amortized cost</b>		
- Security Deposits	406,347	138,095
Total	<u>406,347</u>	<u>138,095</u>
<b>7 DEFERRED TAX ASSETS (NET)</b>		
Deferred Tax Asset	-	20,571,241
Total	<u>-</u>	<u>20,571,241</u>
<b>8 Trade receivables</b>		
Trade receivables	242,147,338	8,923,697
Total	<u>242,147,338</u>	<u>8,923,697</u>
<b>9 Cash and cash equivalent carried at amortized cost</b>		
- On Current accounts	63,148,663	23,359,419
Total	<u>63,148,663</u>	<u>23,359,419</u>
<b>10 Other financial assets carried at amortized cost</b>		
Revenues accrued and not billed	1,264,442,499	341,488,741
Customer receivables	-	(2,593,335)
Total	<u>1,264,442,499</u>	<u>338,895,406</u>
<b>11 OTHER CURRENT ASSETS</b>		
Advances to related parties	14,766,871	1,924,565
Prepayments and other recoveries	3,102,040	2,126,137
Input tax credit receivable	5,635	14,148
Total	<u>17,874,547</u>	<u>4,064,850</u>
<b>12 SHARE CAPITAL</b>		
Issued, Subscribed and Paid up	17,892,835	2,155,300
Total	<u>17,892,835</u>	<u>2,155,300</u>
<b>13 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability	20,969,008	-
Total	<u>20,969,008</u>	<u>-</u>
<b>14 Trade payable</b>		
MSME creditors		
Other than MSME	1,106,886,200	175,411,803
Total	<u>1,106,886,200</u>	<u>175,411,803</u>
<b>15 Other financial liabilities carried at amortized cost</b>		
Employee benefit payable	24,201,054	14,486,389
Total	<u>24,201,054</u>	<u>14,486,389</u>
<b>16 OTHER CURRENT LIABILITIES</b>		
Payable to related parties	17,906,106	30,468,199
Billings in excess of revenues	141,278,431	38,983,678
Statutory dues	6,451,717	2,638,865
Total	<u>165,636,253</u>	<u>72,090,742</u>
<b>17 CURRENT TAX LIABILITIES (NET)</b>		
Current Tax Liabilities	32,540,013	41,231,948
Total	<u>32,540,013</u>	<u>41,231,948</u>



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**Intellect Design Arena GmbH, Germany****Notes to the Profit and Loss account for the period ended Mar 31, 2024**

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

	Particulars	Mar 31, 2024	Mar 31, 2023
<b>18</b>	<b>INCOME FROM SOFTWARE SERVICES AND PRODUCTS</b>		
	Revenue from operations	1,541,883,950	187,854,447
	Total	<u>1,541,883,950</u>	<u>187,854,447</u>
<b>19</b>	<b>OTHER INCOME</b>		
	Interest Income		
	Interest on others	-	18,567,362
	Interest From Other Financial Assets	24,551,524	-
	Total	<u>24,551,524</u>	<u>18,567,362</u>
<b>20</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries and incentive		
	Salaries and bonus	109,460,225	75,261,071
	Contribution to		
	Social security and other benefit plans for overseas employees	14,472,566	9,494,376
	Staff welfare expenses	373,229	372,426
	Total	<u>124,306,019</u>	<u>85,127,873</u>
<b>21</b>	<b>OTHER EXPENSES</b>		
	Payment to the auditors		
	Cost of software packages, consumable and maintenance	19,586,300	1,385,734
	Cost of technical sub-contractors	1,210,845,523	68,354,595
	Travelling expenses	3,336,446	6,449,640
	Communication expenses	262,125	248,519
	Professional and Legal charges	6,475,418	3,161,131
	Rent	1,283,082	-
	Business promotion	16,662,255	88,763
	Office maintenance	106,204	149,037
	Printing and stationery	2,999	199
	Rates and taxes excluding Taxes on Income	106,158	38,144
	Bank charges & commission	539,558	374,794
	Miscellaneous expenses	7,327,701	3,796,223
	Net Loss on foreign currency transaction and translation (other than consider	20,451	15,835
	Total	<u>1,266,554,221</u>	<u>84,062,614</u>
<b>22</b>	<b>FINANCE COST</b>		
	Interest Expenses	5,907	256,436
	Total	<u>5,907</u>	<u>256,436</u>



**23 Related Party Transactions**

in Rupees

	Mar 31, 2024	Mar 31, 2023
<b><u>Balance Due to/ From the Company</u></b>		
Payables-Trade Debts	-	164,285,172
Accruals	473,378,995	-
Receivables-Trade debts	9,696,449	9,639,307
Loans and Advances	12,931,616	1,924,565
Other Current Liabilities	-	-
Investment by the Parent Company		
Advances received	17,906,106	-
<b><u>Transactions</u></b>		
Reimbursements to the Company	-	2,759,316
Reimbursements by the Company	19,873,003	3,487,918
Software Development Service Income	349,528,115	9,568,176
Software Development Service Expenses	594,066,080	39,268,839

**24 Prior periods Comparatives**

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

