



Report of the auditors of Sonali Polaris FT Limited, Bangladesh to S.R. Batliboi & Associates LLP, auditors of INTELLECT DESIGN ARENA LIMITED

INDEPENDENT AUDITOR'S REPORT

To **Sonali Polaris FT Limited, Bangladesh**

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 **Sonali Polaris FT Limited, Bangladesh** (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: 24210566BKAPQP4981

Place: Chennai
Date: 07.05.2024

Sonali Polaris FT Limited, Bangladesh
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
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	3,310,175	3,417,139
Financial assets		-	-
- Loans and deposits	6	3,730,027	4,405,611
CURRENT ASSETS			
Financial asset			
- Trade receivables	7	229,026,659	226,783,650
- Cash and Cash equivalents	8	50,270,228	25,081,380
Other current assets	9	1,089,202	178,133
TOTAL		287,426,291	259,865,913
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Equity Share Capital	10	46,815,000	46,815,000
Other Equity		203,972,624	175,947,261
Total Equity		250,787,624	222,762,261
NON-CURRENT LIABILITIES			
Financial Liabilities			
CURRENT LIABILITIES			
Financial Liabilities			
- Borrowings	11	96,422	-
- Trade payables	12		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12	14,149,280	14,210,177
Other current liabilities	13	9,671,397	12,289,515
Provisions	14	12,721,569	10,603,960
TOTAL		287,426,291	259,865,913

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
INCOME			
Revenue from operations	15	135,137,647	144,921,129
Other Income	16	2,566,275	640,864
TOTAL INCOME		137,703,922	145,561,993
Expenses			
Employee benefit expenses	17	84,688,088	93,943,971
Depreciation and amortization expenses	3	1,634,013	1,741,998
Finance costs	19	895,371	79,430
Other expenses	18	19,494,410	21,892,094
Total Expenses		106,711,883	117,657,493
Profit before exceptional and extraordinary items and tax		30,992,040	27,904,500
Exceptional Items		-	-
Profit before extraordinary items and tax		30,992,040	27,904,500
Extraordinary Items		-	-
PROFIT BEFORE SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURE AND TAX		30,992,040	27,904,500
Share of profit of Associates and Joint venture		-	-
PROFIT / (LOSS) BEFORE TAX		30,992,040	27,904,500
TAX EXPENSES			
Income taxes - Current tax		-	-
PROFIT FOR THE YEAR		30,992,040	27,904,500
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2,966,677)	(36,436,334)
Other Comprehensive Income for the year, net of tax		(2,966,677)	(36,436,334)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		28,025,363	(8,531,834)

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
Proprietor
Membership No : 210566

Place: Chennai
Date: 07.05.2024



Sonali Polaris FT Limited, Bangladesh
Statement of Changes in Equity for the year ended March 31, 2024
Intellect Sonali

Particulars	Reserves & Surplus	Items of OCI	Total Equity
	Retained earnings	Foreign Currency Translation Reserve	
As at 1st April 2023	206,141,726	(13,506,965)	192,634,761
Profit / (Loss) for the year	30,992,040		30,992,040
Movement in Foreign Currency Translation Reserve (FCTR) through OCI		(19,654,177)	(19,654,177)
Dividend Declared			-
As at Mar 31, 2024	237,133,766	(33,161,142)	203,972,624



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Sonali Polaris FT Limited, Bangladesh
Statement of Changes in Equity for the year ended March 31, 2024

Intellect Sonali

Particulars	Reserves &	Items of OCI	Total Equity
	Retained earnings	Foreign Currency Translation Reserve	
As at 1st April 2022	210,112,226	22,929,369	233,041,595
Profit / (Loss) for the year	27,904,500		27,904,500
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		(53,123,834)	(53,123,834)
Exercise of share options			-
Ind AS - 115 transition adjustment for the year			-
Issue of shares on Preferential allotment	-		-
Share-based payments for the year		-	-
Dividend Declared	(31,875,000)		(31,875,000)
As at Mar 31, 2023	206,141,726	(30,194,465)	175,947,261



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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
Intellect Sonali

Particulars	Plant & Machinery	Furniture and Fittings	Office Equipment	Vehicles	Total
Gross block					
As at April 1, 2023	42,361,683	243,265	2,176,254	3,577,080	48,358,282
Additions	1,161,384	-	-	-	1,161,384
Translation Difference	(716,074)	(3,119)	107,484	(45,860)	(657,569)
Deletions	3,882,950				3,882,950
As at Mar 31, 2024	38,924,043	240,146	2,283,738	3,531,220	44,979,147
Depreciation					
As at April 1, 2023	39,481,030	167,005	1,716,029	3,577,079	44,941,143
For the year	1,535,157	17,641	81,215	-	1,634,013
Translation Difference	(966,672)	(165)	(10,538)	(45,860)	(1,023,235)
Deletions	3,882,950				3,882,950
As at Mar 31, 2024	36,166,565	184,481	1,786,706	3,531,219	41,668,971
Net book value					
As at Mar 31, 2024	2,757,478	55,665	497,032	1	3,310,175
As at Mar 31, 2023	2,880,653	76,260	460,225	1	3,417,139



Sonali Polaris FT Limited, Bangladesh
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
6 Loans and deposits, carried at amortized cost		
- Security Deposits	3,730,027	4,405,611
Total	<u>3,730,027</u>	<u>4,405,611</u>
7 Trade receivables		
Trade receivables	229,026,659	226,783,650
Total	<u>229,026,659</u>	<u>226,783,650</u>
8 Cash and cash equivalent carried at amortized cost		
- On Current accounts	21,274,662	25,081,380
- Deposits with original maturity of less than three months	28,995,567	-
Total	<u>50,270,228</u>	<u>25,081,380</u>
9 OTHER CURRENT ASSETS		
Prepayments and other recoveries	1,089,202	178,133
Total	<u>1,089,202</u>	<u>178,133</u>
10 SHARE CAPITAL		
Issued, Subscribed and Paid up	46,815,000	46,815,000
Total	<u>46,815,000</u>	<u>46,815,000</u>
11 Short tem borrowings		
- from Banks	96,422	-
Total	<u>96,422</u>	<u>-</u>
12 Trade payable		
MSME creditors		
Other than MSME	14,149,280	14,210,177
Total	<u>14,149,280</u>	<u>14,210,177</u>
13 OTHER CURRENT LIABILITIES		
Statutory dues	9,671,397	12,289,515
Total	<u>9,671,397</u>	<u>12,289,515</u>
14 CURRENT PROVISIONS		
- Provision for gratuity	12,721,569	10,603,960
Total	<u>12,721,569</u>	<u>10,603,960</u>



Sonali Polaris FT Limited, Bangladesh**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
15 INCOME FROM SOFTWARE SERVICES AND PRODUCTS		
Revenue from operations	135,137,647	144,921,129
Total	<u>135,137,647</u>	<u>144,921,129</u>
16 OTHER INCOME		
Interest Income		
Interest received on deposits with banks	2,565,335	-
Miscellaneous Income, Net	940	640,864
	<u>2,566,275</u>	<u>640,864</u>
17 EMPLOYEE BENEFIT EXPENSES		
Salaries and incentive		
Salaries and bonus	72,913,514	84,345,402
Contribution to		
Provident fund	2,954,877	3,408,487
Gratuity contribution scheme	6,758,748	3,969,955
Staff welfare expenses	2,060,950	2,220,128
	<u>84,688,088</u>	<u>93,943,971</u>
18 OTHER EXPENSES		
Payment to the auditors		
Cost of software packages, consumable and maintenance	4,016,652	3,041,223
Cost of technical sub-contractors	491	1,045,830
Travelling expenses	2,723,723	1,874,575
Communication expenses	636,630	657,063
Professional and Legal charges	573,211	2,761,290
Power and fuel	1,060,500	1,183,174
Rent	6,545,027	7,095,499
Repairs - Others	326,298	322,807
Business promotion	553,269	493,922
Office maintenance	471,286	473,261
Insurance	1,116,568	1,505,918
Printing and stationery	445,057	413,318
Rates and taxes excluding Taxes on Income	846,636	456,476
Directors' sitting fees	1,833	-
Bank charges & commission	136,138	563,839
Miscellaneous expenses	41,091	3,900
	<u>19,494,410</u>	<u>21,892,094</u>
19 FINANCE COST		
Interest Expenses	895,371	79,430
	<u>895,371</u>	<u>79,430</u>



20 Related Party Transactions

in Rupees

	Mar 31, 2024	Mar 31, 2023
<u>Balance Due to/ From the Company</u>		
Payables-Trade Debts	-	13,863,077
Accruals	-	-
Receivables-Trade debts	-	-
Loans and Advances	-	-
Other Current Liabilities	-	-
Investment by the Parent Company		
Advances received	-	-
<u>Transactions</u>		
Reimbursements to the Company	-	-
Reimbursements by the Company	-	-
Software Development Service Income	-	-
Software Development Service Expenses	-	-

21 Prior periods Comparatives

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

