

BSR & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of India Transact Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of India Transact Services Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the financial statements.



Independent Auditor's Report (Continued)

India Transact Services Limited

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual report, but does not include the financial statements and our auditor's report thereon. The Company's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company's director report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



Independent Auditor's Report (Continued)

India Transact Services Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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 control 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 with reference to financial statements 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 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 financial statements, including the disclosures, and whether the financial statements 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, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



Independent Auditor's Report (Continued)

India Transact Services Limited

Report on Other Legal and Regulatory Requirements (Continued)

2. (A) As required by Section 143(3) of the Act, 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), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 34(A) to the financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



BSR & Co. LLP

Independent Auditor's Report (Continued)

India Transact Services Limited

Report on Other Legal and Regulatory Requirements (Continued)

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, there is no remuneration paid by the Company to its directors during the current year under the provisions of Section 197 of the Act. Accordingly, the limit laid down under Section 197 of the Act does not apply. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Mumbai
27 May 2022

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Rajesh Mehra
Partner

Membership No: 103145
UDIN: 22103145AJTVSM1977

India Transact Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of two years, except for POS machines given to various merchants. We are informed that transactions are being executed over the POS machines and thus operational and therefore are not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain Property, Plant and Equipment during the year. No discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. There is no stocks lying with third parties at the year-end, and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.



India Transact Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Employees' State Insurance, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Provident fund have been generally regularly deposited by the Company with the appropriate authorities though there have been delays in some months.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income Taxes have not been regularly deposited by the Company with the appropriate authorities and there have been serious delays in a large number of cases.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Income tax Act, 1961	Tax deducted at source	0.01	F.Y. 2021-22	7 th of next month	Not paid	



India Transact Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Disallowances of Expenses	-*	F.Y. 2018-19	CIT – Appeals	

*The assessing officer has disallowed expenses amounting to Rs. 8.17 million, thus impacting the carry forward losses against which appeal is pending with the authorities.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
 (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
 (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
 (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
 (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
 (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
 (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.



India Transact Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, 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 Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current financial year. The Company had incurred cash losses of Rs. 110.72 million in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) We draw attention to Note 39 to the financial statements which explains that the Company has incurred losses in current year and previous year and has accumulated losses as at 31 March 2022. Further, the Company's current liabilities exceed its current assets as at 31 March 2022 by Rs. 697.56 million.



India Transact Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

The uncertainty on account of Covid - 19 outbreak continued to have adverse effect across the world economies including India in first half of this financial year. The second wave started tapering off towards the end of June/beginning of July 2021. The third wave which was due to Omicron, a new variant of Covid, was the shortest as compared to the previous two waves. It started during the last week of December 2021 and lasted till the first week of February 22. This disruption has impacted performance during the year. However, considering the Company's activities are classified as 'essential services', management does not anticipate material risk to business prospects over the medium to long term. The Company has incurred losses for the year ended 31 March 2022 of Rs. 128.20 million. The Company has noted delays in payment of dues to various parties including statutory dues and consequential impact. Considering the Company's activities are classified as an 'essential services', management believes that the impact of the pandemic may not be significant. As of today, services remain operational, following enhanced internal safety guidelines. The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statement upto the date of approval of these financial statements by the Board of Directors. Management has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

On the basis of the above and according to the information and explanations given to us, on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also, refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.

- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

UDIN: 22103145AJTVSM1977

Mumbai

27 May 2022

India Transact Services Limited

Annexure B to the Independent Auditors' report on the financial statements of India Transact Services Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of India Transact Services Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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.



India Transact Services Limited

Annexure B to the Independent Auditors' report on the financial statements of India Transact Services Limited for the year ended 31 March 2022 (Continued)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rajesh Mehra

Partner

Membership No: 103145

UDIN: 22103145AJTVSM1977

Mumbai
27 May 2022

India Transact Services Limited

Balance Sheet

as at 31 March 2022

(Rs. in million)			
Particulars	Note	31 March 2022	31 March 2021
Assets			
Non-current assets			
Property, plant and equipment	3(a)	525.00	466.42
Right-of-use assets	3(b)	20.87	4.82
Capital work-in-progress	3(c)	30.06	64.53
Intangible assets	4	3.73	6.14
Financial assets			
Investments	5	0.01	0.01
Other financial assets	6	32.81	6.94
Deferred tax assets (net)	7	281.12	283.69
Other non-current assets	8	26.78	20.45
Other non-current tax assets (net)	9	27.43	20.71
Total non-current assets		947.81	873.71
Current assets			
Inventories	10	2.85	9.58
Financial assets			
Trade receivables			
Billed receivables	11	393.92	19.65
Unbilled receivables	11	166.35	133.70
Cash and cash equivalents	12(a)	4.58	6.33
Bank balances other than 12(a) above	12(b)	74.53	23.11
Other financial assets	13	5.00	38.45
Other current assets	14	88.97	57.81
Total current assets		736.20	288.63
Total assets		1,684.01	1,162.34
Equity and liabilities			
Equity			
Equity share capital	15	1,150.00	1,150.00
Other equity	16	(972.61)	(844.88)
Total equity		177.39	305.12
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	55.62	0.65
Provisions	18	7.72	9.32
Other non-current liabilities	19	9.52	44.65
Total non-current liabilities		72.86	54.62
Current liabilities			
Financial liabilities			
Borrowings	20(a)	40.91	25.05
Lease liabilities	20(b)	40.65	4.48
Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		16.58	4.34
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,131.69	487.37
Other financial liabilities	22	100.12	96.38
Other current liabilities	23	93.69	174.24
Provisions	24	10.12	10.74
Total current liabilities		1,433.76	802.60
Total equity and liabilities		1,684.01	1,162.34

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements.

1 to 45

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Rajesh Mehra
Partner
Membership No. 103145



Place: Mumbai
Date: 27/05/2022

For and on behalf of the Board of Directors of
India Transact Services Limited
CIN: U72900MH2007PLC172249

Ravi Goyal
Managing Director
DIN 01374288

Pulak Khemka
Chief Financial Officer
Membership No. 300514

Place: Mumbai
Date: 27/05/2022

Vinayak Goyal
Director
DIN 09199173

Gargi Sawant
Company Secretary
Membership No. A40804

India Transact Services Limited
Statement of Profit and Loss
for the year ended 31 March 2022

		(Rs. in million)	
Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations	25	1,979.70	1,544.17
Other income	26	8.02	3.01
Total income		1,987.72	1,547.18
Expenses			
Purchase of traded goods	27	-	0.52
Employee benefits expense	28	224.84	291.47
Other expenses	29	1,688.81	1,342.35
Total expenses before interest, depreciation and amortisation		1,913.65	1,634.34
Earnings before interest, tax, depreciation and amortisation (EBITDA)		74.07	(87.16)
Finance costs	30	23.45	23.56
Depreciation and amortisation expense	3(a), 3(b)&4	176.29	168.43
(Loss) before tax		(125.67)	(279.15)
Tax expense			
Current tax		-	-
Deferred tax expense / (credit)	7	2.53	(86.38)
Total tax expenses		2.53	(86.38)
(Loss) for the year		(120.20)	(192.77)
Other comprehensive income			
Items that will not be reclassified to Profit and Loss in subsequent year			
Remeasurements of the defined benefit plans	32	0.14	(0.88)
Income tax relating to the above	7	(0.04)	0.26
		0.10	(0.62)
Total comprehensive (loss) for the year		(128.10)	(193.39)
Earnings per equity share (Nominal value of equity share of Rs.10 each, fully paid up)			
Basic and diluted earnings per share (Rs.)	31	(1.11)	(1.68)
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

I to 45

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022



Rajesh Mehra
Partner

Membership No. 103145

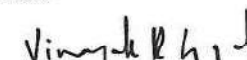


Place: Mumbai
Date: 27/05/2022

For and on behalf of the Board of Directors of

India Transact Services Limited
CIN: U72900MH2007PLC172249


Ravi Goyal
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Vinayak Goyal
Director
DIN 09199173


Pulak Khemka
Chief Financial Officer
Membership No. 300514


Gargi Sawant
Company Secretary
Membership No. A40804

Place: Mumbai
Date: 27/05/2022

India Transact Services Limited

Statement of Changes in Equity

for the year ended 31 March 2022

(a) Equity share capital

(Rs. in million)

Particulars	Amount
Balance as at 1 April 2020	1,150.00
Shares issued during the period	-
Balance as at 31 March 2021	1,150.00
Balance as at 1 April 2021	1,150.00
Shares issued during the period	-
Balance as at 31 March 2022	1,150.00

(b) Other equity

(Rs. in million)

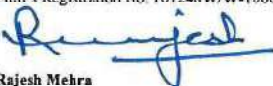
	Reserves and surplus		Total other equity
	Other reserve (refer note 16)	Retained earnings	
Balance at 1 April 2020	2.82	(654.57)	(651.75)
(Loss) / Profit for the period	-	(192.77)	(192.77)
Other comprehensive income for the period	-	(0.62)	(0.62)
Total comprehensive income for the period	-	(193.39)	(193.39)
Fair valuation of financial guarantee (given by AGS Transact Technologies Limited (Holding Company*))	0.26	-	0.26
Distribution to shareholders	-	-	-
Balance at 31 March 2021	3.08	(847.96)	(844.88)
Loss for the period	-	(128.20)	(128.20)
Other comprehensive income for the period	-	0.10	0.10
Total comprehensive income for the period	-	(128.10)	(128.10)
Fair valuation of financial guarantee (given by Holding Company)	0.37	-	0.37
Balance as at 31 March 2022	3.45	(976.06)	(972.61)

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants

Firm's Registration No. 101248W/W-100622



Rajesh Mehra
Partner

Membership No. 103145



Place: Mumbai

Date: 27/05/2022

For and on behalf of the Board of Directors of
India Transact Services Limited

CIN: U72900MH2007PLC172249


Ravi Goyal
Managing Director
DIN 01374288


Vinayak Goyal
Director
DIN 09199173


Pulak Khemka
Chief Financial Officer
Membership No. 300514


Gargi Sawant
Company Secretary
Membership No. A40804

Place: Mumbai

Date: 27/05/2022

India Transact Services Limited
Statement of Cash Flows
for the year ended 31 March 2022

Particulars	(Rs. in million)	
	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flows from operating activities		
Net (loss) / profit before tax	(125.67)	(279.15)
Adjustments for:		
Finance costs	23.45	23.55
Interest income	(3.81)	(2.62)
Depreciation and amortisation expense	176.29	168.43
Write back of lease liabilities	(0.64)	(0.07)
Loss on sale/retirement of property, plant and equipment (net)	6.34	2.48
	<u>75.96</u>	<u>(87.38)</u>
Changes in working capital:		
Decrease / (Increase) in inventories	6.73	(1.03)
(Increase) / Decrease in trade receivables	(406.92)	56.99
Decrease / (Increase) in loans and other financial assets	5.77	(88.66)
(Increase) / Decrease in other non-current assets and current assets	(19.84)	11.35
Increase in trade payables	656.55	373.75
(Decrease) / Increase in other current liabilities	(76.76)	34.69
Decrease in other non-current liabilities	(35.13)	(19.82)
(Decrease) / Increase in provisions	(2.07)	0.88
Cash generated from operations	<u>204.29</u>	<u>280.77</u>
Direct taxes (paid)	<u>(6.73)</u>	<u>(7.37)</u>
Net cash generated from operating activities (A)	<u>197.56</u>	<u>273.40</u>
B. Cash flows from investing activities		
Purchase of property, plant and equipment including capital advances and capital work-in-progress	(216.28)	(260.11)
Interest received	1.18	0.61
Fixed deposits placed during the year	(49.78)	(22.59)
Proceeds from maturity of fixed deposits	-	10.67
Net cash used in investing activities (B)	<u>(264.88)</u>	<u>(271.42)</u>
C. Cash flows from financing activities		
Proceeds from borrowings from Holding company	68.93	80.62
Repayment of borrowings from Holding company	(93.98)	(61.09)
Proceeds from short-term borrowings (net)	40.91	-
Proceeds from sale and lease back transaction	94.50	-
Finance costs paid	(17.91)	(17.06)
Payment of lease liabilities (refer note 33)	(26.88)	(5.61)
Net cash used in financing activities (C)	<u>65.57</u>	<u>(3.14)</u>
Net (decrease) in cash and cash equivalents (A+B+C)	<u>(1.75)</u>	<u>(1.16)</u>
Cash and cash equivalents at the beginning of the year	6.33	7.49
Cash and cash equivalents at the end of the year (refer note 12a)	<u>4.58</u>	<u>6.33</u>

Notes:

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 - "Statement of Cash flows".
- The movement of borrowings and lease liabilities as per Ind AS 7 is as follows:

	(Rs. in million)	
	Year ended 31 March 2022	Year ended 31 March 2021
Opening borrowings	25.05	-
Proceeds of borrowings from holding company	68.93	80.62
Repayment of short-term borrowings (net)	(93.98)	(61.09)
Proceeds from short-term borrowings (net)	40.91	-
Interest on loan	-	5.52
Closing borrowings	<u>40.91</u>	<u>25.05</u>



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India Transact Services Limited
Statement of Cash Flows
for the year ended 31 March 2022

3 Reconciliation of cash and cash equivalents:

Balance with banks
Current accounts

Cash and cash equivalents as per Statement of Cash Flows above

Year ended 31 March 2022	Year ended 31 March 2021
4.58	6.33
4.58	6.33

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022



Rajesh Mehra
Partner
Membership No. 103145




Place: Mumbai
Date: 27/05/2022

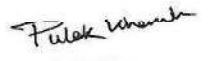
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Pulak Khemka
Chief Financial Officer
Membership No. 300514



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Company Secretary
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