

Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of Payswiff Solutions Private Limited (*formerly Paynear Solutions Private Limited*)

Report on the Financial Statements

- We have audited the accompanying financial statements of Payswiff Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.



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Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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 2018, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The financial statements of the Company as at and for the year ended 31 March 2017 were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements vide their report dated 3 September 2017. The audited balances as at and for the year ended 31 March 2017, as aforesaid, have been considered as the opening balances for the purpose of these financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

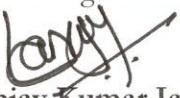


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11. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. in our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 143(3)(i) for reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls of the Company, are not applicable; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Sanjay Kumar Jain
Partner

Membership No.: 207660

Place: Hyderabad

Date: 21 July 2018



Walker Chandiok & Co LLP

Annexure to the Independent Auditor's Report of even date to the Members of Payswiff Solutions Private Limited, on the financial statements for the year ended 31 March 2018

Annexure

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable properties. Accordingly, the provisions of clause 3(ii)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, cess and other material statutory dues, as applicable, have not been regularly deposited to the appropriate authorities and there have been significant delays in a large number of cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

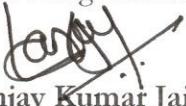


Walker Chandiok & Co LLP

Annexure to the Independent Auditor's Report of even date to the Members of Payswiff Solutions Private Limited, on the financial statements for the year ended 31 March 2018

- (b) There are no dues in respect of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding dues to the government or debenture holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the company since the company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Sanjay Kumar Jain
Partner
Membership No.: 207660

Place: Hyderabad
Date: 21 July 2018



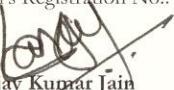
Payswift Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Balance Sheet as at 31 March 2018
(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March	
		2018	2017
Equity and liabilities			
Shareholders' funds			
Share capital	3	30,892,080	30,892,080
Reserves and surplus	4	61,893,153	54,225,430
		<u>92,785,233</u>	<u>85,117,510</u>
Non-current liabilities			
Long-term borrowings	5	90,873,000	57,357,042
Deferred tax liabilities, net	6	-	221,569
Long-term provisions	8(a)	2,764,252	557,655
		<u>93,637,252</u>	<u>58,136,266</u>
Current liabilities			
Short-term borrowings	5	29,476,153	-
Trade payables			
-total outstanding dues to micro and small enterprises		-	-
-total outstanding dues to creditors other than micro small enterprises		40,926,597	48,170,644
Other current liabilities	7	607,640,509	533,198,092
Short-term provisions	8(b)	660,663	6,007,300
		<u>678,703,922</u>	<u>587,376,036</u>
	Total	<u>865,126,407</u>	<u>730,629,812</u>
Assets			
Non-current assets			
Property, plant and equipment	9	122,022,977	82,913,523
Intangible assets	10	1,396,446	7,153,934
Long-term loans and advances	11	15,854,025	12,005,490
		<u>139,273,448</u>	<u>102,072,947</u>
Current assets			
Current investments	12	28,277,161	-
Trade receivables	13	89,797,964	78,589,119
Cash and other bank balances	14	595,490,533	540,409,750
Short-term loans and advances	15	4,653,980	8,085,442
Other current assets	16	7,633,321	1,472,554
		<u>725,852,959</u>	<u>628,556,865</u>
		<u>865,126,407</u>	<u>730,629,812</u>

The accompanying notes form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

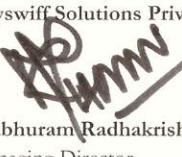
For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Sanjay Kumar Jain
Partner
Membership No: 207660

Place: Hyderabad
Date: 21 July 2018



For and on behalf of the Board of Directors of
Payswift Solutions Private Limited


Prabhuram Radhakrishnan
Managing Director
DIN:1673968

Place: Hyderabad
Date: 21 July 2018


Ravi Kiran Pedarla
Director
DIN:6654269

Place: Hyderabad
Date: 21 July 2018



Payswift Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March	
		2018	2017
Revenue			
Revenue from operations	17	831,136,146	248,411,989
Other income	18	35,900,970	14,690,838
Total revenue		867,037,116	263,102,827
Expenses			
Operating expenses		571,428,228	85,160,243
Purchases of stock-in-trade	19	24,392,976	72,984,330
Employee benefit expense	20	120,071,990	48,186,270
Finance cost	21	17,950,542	3,147,982
Depreciation and amortization expense	9&10	45,627,494	25,380,146
Other expenses	22	79,362,106	62,408,791
Total expenses		858,833,336	297,267,763
Profit/(loss) before exceptional item and tax		8,203,780	(34,164,936)
Exceptional item	29	-	76,066,000
Profit before tax		8,203,780	41,901,064
Tax expense			
- Current tax		757,626	6,007,300
- Deferred tax benefit		(221,569)	(1,610,244)
Profit for the year		7,667,723	37,504,008
Earnings per equity share [EPES]			
Basic and diluted EPES		2.48	12.14
Par value per equity share		10.00	10.00
Weighted average number of equity shares considered in calculating basic and diluted EPES		3,089,208	3,089,208

The accompanying notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain

Partner

Membership No: 207660

Place: Hyderabad

Date: 21 July 2018



For and on behalf of the Board of Directors of
Payswift Solutions Private Limited

Prabhuram Radhakrishnan

Managing Director

DIN:1673968

Place: Hyderabad

Date: 21 July 2018



Ravi Kiran Pedarla

Director

DIN:6654269

Place: Hyderabad

Date: 21 July 2018

PaySwift Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Cash Flow Statement for the year ended 31 March 2018
(All amounts in ₹ unless otherwise stated)

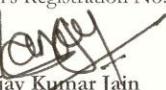
	For the year ended 31 March	
	2018	2017
Cash flow from operating activities		
Profit before tax	8,203,780	41,901,064
Adjustments for:		
- Depreciation and amortisation expense	45,627,494	25,380,146
- Gain on sale of mutual funds	(2,192,602)	(9,289,179)
- Provision for advances	-	407,145
- Interest received	(32,622,265)	(4,224,569)
- Interest expense	15,396,752	3,012,940
- Provision for gratuity and compensated absences	2,867,259	557,655
- Unrealised gain on foreign exchange fluctuation	-	(144,184)
Operating profit before working capital changes	37,280,418	57,601,018
Changes in working capital:		
Increase / (decrease) in trade payables	(7,244,047)	45,955,170
Increase in other current liabilities	74,268,307	2,104,513
Increase in trade receivables	(11,208,845)	(78,589,119)
Decrease in loans and advances	(470,362)	(12,540,547)
(Increase)/decrease in other current assets	(5,373,032)	(932,618)
Cash generated from operations	87,252,439	13,598,417
Taxes paid, net	(12,178,036)	-
Net cash generated from operating activities	(A)	75,074,403
Cash flows from investing activities		
Purchase of tangible and intangible assets	(73,513,060)	(67,940,068)
Interest received	31,834,530	2,752,015
Investments in mutual funds	(448,398,406)	(681,273,473)
Proceeds from redemption of mutual funds	422,313,847	692,062,652
Movement in other bank balances	(27,260,000)	-
Net cash used in investing activities	(B)	(95,023,089)
Cash flows from financing activities		
Proceeds from long-term borrowings	33,690,068	58,132,152
Proceeds from issue of share capital	-	-
Proceeds from short-term borrowings, net	29,476,153	-
Interest paid	(15,396,752)	(3,012,940)
Net cash from financing activities	(C)	47,769,469
Net increase in cash and cash equivalent	(A+B+C)	55,119,212
Cash and cash equivalents in the beginning of the year	27,820,783	14,318,756
Closing balance of cash and cash equivalents	47,013,266	19,192,483



Payswiff Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Cash Flow Statement for the year ended 31 March 2018
 (All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2018	2017
Note 1:		
Cash and other bank balance as per note 14	595,490,533	540,409,750
Less: Other bank balances	548,477,267	521,217,267
Total cash and cash equivalents	47,013,266	19,192,483

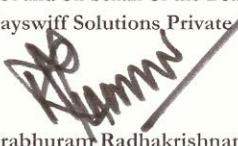
This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
 Chartered Accountants
 Firm's Registration No.: 001076N/N500013

 Sanjay Kumar Jain
 Partner
 Membership No: 207660

Place: Hyderabad
 Date: 21 July 2018



For and on behalf of the Board of Directors of
 Payswiff Solutions Private Limited


 Prabhuram Radhakrishnan
 Managing Director
 DIN:1673968

Place: Hyderabad
 Date: 21 July 2018




 Ravi Kiran Pedarla
 Director
 DIN:6654269

Place: Hyderabad
 Date: 21 July 2018

Payswiff Solutions Private Limited
(formerly Paynear Solutions Private Limited)

Summary of significant accounting policies and other explanatory information
(All amounts in ₹, unless otherwise stated)

1. Company Overview

Payswiff Solutions Private Limited is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is headquartered in Hyderabad, India. The Company is engaged in the business of providing omni-channel transactions processing services offering a wide range of innovative and reliable solutions, streamlining the transaction experience on a secured platform.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of the Institute of Chartered Accountants of India ("ICAI"). The financial statements have been prepared on an accrual basis. The accounting policies applied by the Company are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of business, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

(b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Examples of such estimates include provision for doubtful receivables and loans and advances, income taxes, future obligation under employee benefit plans, and estimated useful lives of tangible and intangible assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price, freight, non-refundable duties and taxes and any other cost attributable to bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible assets

Depreciation is provided using the written down value method as per the useful lives of the fixed assets at the rates prescribed under Schedule II to the Companies Act, 2013.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



Payswiff Solutions Private Limited

(formerly Paynear Solutions Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Service income

Activation and other service revenues are recognized on an accrual basis on rendering of the service.

Sale of goods

Revenue from sale of stock -in- trade is recognized when the products are dispatched against orders to the customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated net of rebates, trade discounts, sales tax and sales returns.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rates applicable.

Income from mutual fund

Profit on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.

(k) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transactions.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

(l) Retirement and other employee benefits

Provident fund

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the Statement of Profit and Loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.



Payswiff Solutions Private Limited

(formerly Paynear Solutions Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

Gratuity

Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of period. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

Compensated absences

Compensated absences liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of period. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

(m) Income taxes

Tax expense comprises of current and deferred tax.

Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred tax

Deferred tax charges or credits reflect the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charges or credits and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future periods; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

(n) Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



Payswiff Solutions Private Limited
 (formerly Paynear Solutions Private Limited)
Summary of significant accounting policies and other explanatory information
 (All amounts in ₹ unless otherwise stated)

3. Share capital

	As at 31 March			
	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital				
Equity shares of ₹10 each	5,000,000	50,000,000	5,000,000	50,000,000
Issued, subscribed and paid-up share capital				
Equity shares of ₹10 each fully paid-up	3,089,208	30,892,080	3,089,208	30,892,080
	3,089,208	30,892,080	3,089,208	30,892,080

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	As at 31 March			
	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning and at the end of the year	3,089,208	30,892,080	3,089,208	30,892,080

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(c) Shares held by holding company

	As at 31 March			
	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Equity share of ₹10 each				
Payswiff Technologies Private Limited*	3,089,208	30,892,080	3,089,208	30,892,080

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Details of shareholders holding more than 5% shares in the Company:

	As at 31 March			
	2018		2017	
	Number of shares	%	Number of shares	%
Equity share of ₹10 each				
Payswiff Technologies Private Limited*	3,089,208	100%	3,089,208	100%

*Including 2 equity shares held by others as nominee shareholders.



Payswift Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Summary of significant accounting policies and other explanatory information
 (All amounts in ₹ unless otherwise stated)

4. Reserves and surplus

	As at 31 March	
	2018	2017
Securities premium reserve - as per last balance sheet	129,781,039	129,781,039
Deficit in the statement of profit and loss		
Deficit at the beginning of the year	(75,555,609)	(113,059,617)
Add: Profit for the year	7,667,723	37,504,008
Deficit at the end of the year	(67,887,886)	(75,555,609)
	61,893,153	54,225,430

5. Borrowings

	As at 31 March	
	2018	2017
Non-current		
Secured		
Vehicle loans from		
Banks	918,917	1,166,398
Others	3,011,452	3,649,663
Unsecured		
From related parties	87,916,415	53,340,655
	91,846,784	58,156,716
Less: Current maturities of long-term borrowings (refer note 7)	973,784	799,674
	90,873,000	57,357,042
Current		
Loans repayable on demand		
Secured		
From Banks	29,476,153	-
	29,476,153	-

Vehicle loans

Vehicle loans are fully secured by way of hypothecation of specific vehicles against which the loan is availed. These loans are repayable in 36 to 60 monthly equated instalments with rate of interest ranging from 9.36% to 9.5% per annum (31 March 2017: 9.36% to 9.5%)

Loans from a related party

Loans obtained from a related party are unsecured and obtained for the purpose of funding the working capital requirements of the Company. These loans are repayable after 5 years from the date of each drawdown and carry an interest rate of 11% per annum (31 March 2017: 11%).

Cash credit facility

Cash credit facility is secured by an exclusive charge on entire current assets and fixed assets of the Company both present and future and personal guarantee of Mr. Prabhu Ram Radhakrishnan, Managing Director. These loans carry an interest rate of 11% p.a (31 March 2017: Nil)



Payswiff Solutions Private Limited
(formerly Paynear Solutions Private Limited)
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

6. Deferred tax liability

	As at 31 March	
	2018	2017
Deferred tax liabilities		
On depreciation and amortisation of tangible and intangible assets	-	221,569
Deferred tax liability	-	221,569

7. Other current liabilities

	As at 31 March	
	2018	2017
Current maturities of long-term borrowings (refer note 5)	973,784	799,674
Statutory dues	18,912,205	5,128,798
Dues to employees	10,619,311	6,878,678
Dues to merchants (refer note 29)	572,348,544	519,889,700
Liabilities for expenses	4,786,665	501,242
	607,640,509	533,198,092

8. Provisions

	As at 31 March	
	2018	2017
(a) Long term		
Provision for employee benefits:		
- Gratuity (refer note 20(a))	1,883,825	557,655
- Compensated absences	880,427	-
	2,764,252	557,655
(b) Short term		
Provision for income tax, net	-	6,007,300
Provision for employee benefits:		
- Gratuity (refer note 20(a))	464,775	-
- Compensated absences	195,888	-
	660,663	6,007,300



Payswiff Solutions Private Limited

(formerly Paynear Solutions Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

9 Property, plant and equipment

	Office equipment	Computers and data processing units	Vehicles	Furniture and fittings	Total
Gross block					
As at 1 April 2016	5,466,415	32,255,969	-	8,365,800	46,088,184
Additions	4,105,517	53,149,821	9,757,284	119,366	67,131,988
As at 31 March 2017	9,571,932	85,405,790	9,757,284	8,485,166	113,220,172
Additions	6,238,006	71,712,463	-	817,690	78,768,160
As at 31 March 2018	15,809,938	157,118,253	9,757,284	9,302,856	191,988,332
 Accumulated depreciation					
Up to 1 April 2016	696,296	5,840,940	-	2,847,968	9,385,204
Charge for the year	972,415	18,985,102	281,534	682,394	20,921,445
Up to 31 March 2017	1,668,711	24,826,042	281,534	3,530,362	30,306,649
Charge for the year	1,629,544	36,174,188	1,158,677	696,297	39,658,706
Up to 31 March 2018	3,298,255	61,000,230	1,440,211	4,226,659	69,965,355
 Net block					
As at 31 March 2017	7,903,221	60,579,748	9,475,750	4,954,804	82,913,523
As at 31 March 2018	12,511,683	96,118,023	8,317,073	5,076,197	122,022,977

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Payswift Solutions Private Limited
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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

10. Intangible assets

	Software
Gross block	
As at 1 April 2016	13,712,580
Additions	952,263
As at 31 March 2017	14,664,843
Additions	211,300
As at 31 March 2018	<u>14,876,143</u>
Accumulated depreciation	
Up to 1 April 2016	3,052,208
Charge for the year	4,458,701
Up to 31 March 2017	7,510,909
Charge for the year	5,968,788
Up to 31 March 2018	<u>13,479,697</u>
Net block	
As at 31 March 2017	7,153,934
As at 31 March 2018	<u>1,396,446</u>

11. Long-term loans and advances

	As at 31 March	
	2018	2017
<i>Unsecured, considered good</i>		
Security deposits	5,911,324	2,009,500
Capital advances	4,518,791	9,985,190
Advance tax	5,423,910	10,800
	<u>15,854,025</u>	<u>12,005,490</u>

12. Current Investments

	As at 31 March	
	2018	2017
<i>Investments in mutual funds, unquoted, non trade</i>		
10,070 (31 March 2017: Nil) units in Reliance Mutual Fund	28,277,161	-
Aggregate amount of unquoted investment, at cost	<u>28,277,161</u>	<u>-</u>

13. Trade Receivables

	As at 31 March	
	2018	2017
Other debts		
Unsecured, considered good	89,797,964	78,589,119
Less: Provision for doubtful advances	-	-
	<u>89,797,964</u>	<u>78,589,119</u>



Payswiff Solutions Private Limited
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14. Cash and other bank balances

	As at 31 March	
	2018	2017
Cash and cash equivalents		
Balances with banks		
- on current accounts	46,879,654	19,057,015
Cash on hand	133,612	135,468
	47,013,266	19,192,483
Other bank balances		
Bank deposits - restricted (refer Note 29)	518,699,145	518,699,145
Bank deposits held with banks as margin money	29,778,122	2,518,122
	548,477,267	521,217,267
	595,490,533	540,409,750

15. Short-term loans and advances

	As at 31 March	
	2018	2017
<i>Unsecured, considered good</i>		
Balances with government authorities	148,189	2,269,759
Prepaid expenses	1,355,800	1,180,760
Advances to employees	2,668,235	2,295,886
Advances to related parties	-	818,907
Others	481,756	1,520,131
	4,653,980	8,085,442

16. Other current assets

	As at 31 March	
	2018	2017
<i>Unsecured, considered good</i>		
Interest earned but not due on fixed deposits	2,260,289	1,472,554
Others	5,373,032	-
	7,633,321	1,472,554

17. Revenue from operations

	For the year ended 31 March	
	2018	2017
Sale of devices	29,624,000	85,100,000
Sale of Services		
Device set-up and activation fee	110,086,301	51,097,217
Transaction commission charges	647,805,938	95,957,253
Device maintenance charges	43,390,490	13,779,466
Other operating income	229,417	2,478,053
	831,136,146	248,411,989



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18. Other income

	For the year ended 31 March	
	2018	2017
Interest on deposits with banks	32,622,265	4,224,569
Foreign exchange fluctuation gain, net	727,512	1,142,560
Gain on sale of mutual funds	2,192,602	9,289,179
Miscellaneous income	358,591	34,530
	35,900,970	14,690,838

19. Purchase of stock in trade

	For the year ended 31 March	
	2018	2017
Purchase of stock in trade	24,392,976	72,984,330
	24,392,976	72,984,330

20. Employee benefit expense

	For the year ended 31 March	
	2018	2017
Salaries and wages	103,740,498	42,074,121
Contribution to provident fund and ESI	4,657,183	1,601,206
Gratuity and compensated absences	2,867,259	557,655
Staff welfare expenses	8,807,050	3,953,288
	120,071,990	48,186,270

a. Defined benefit plan

Gratuity

The Company has an unfunded defined plan, viz. gratuity for its employees. Every employee who has completed five years or more of services gets a gratuity at 15 days of last drawn salary for each completed year of service subject to a limit prescribed under the Payment of Gratuity Act, 1972.

A. Amounts recognised in the statement of profit and loss are as follows:

	For the year ended 31 March	
	2018	2017
Current service cost	741,986	141,321
Interest cost	44,612	-
Actuarial losses recognized in the year	1,004,347	416,334
	1,790,945	557,655

B. Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	For the year ended 31 March	
	2018	2017
Opening defined benefit obligation	557,655	-
Current service cost	741,986	141,321
Interest cost	44,612	-
Actuarial losses on obligation	1,004,347	416,334
Benefits paid	-	-
Closing defined benefit obligation	2,348,600	557,655

C. The assumptions used in accounting for the gratuity plan are set out as below:

	As at 31 March	
	2018	2017
Discount rate	8%	8%
Attrition rate	30%	20%
Salary escalation	4%	10%



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21. Finance cost

	For the year ended 31 March	
	2018	2017
Interest expense	15,396,752	3,012,940
Others - Loan processing fee	1,770,000	-
Interest on statutory dues	783,790	135,042
	17,950,542	3,147,982

22. Other expenses

	For the year ended 31 March	
	2018	2017
Power and fuel	1,287,360	1,225,294
Rent	6,717,075	4,562,291
Repairs and maintenance	2,456,602	1,512,841
Insurance	539,523	1,199,723
Rates and taxes	567,848	408,200
Travelling and conveyance	13,093,356	8,721,247
Communication	1,752,105	1,602,030
Legal and professional charges	14,523,228	8,531,838
Software maintenance charges	10,182,552	10,480,823
Printing and stationary	830,874	1,274,040
Security services	342,245	269,226
Advertisements expenses	1,714,940	283,678
Selling and marketing expenses	13,974,084	14,636,682
Office administrative expenses	4,470,665	3,139,477
Bank charges	1,431,581	1,069,293
Donations and Sponsorships	1,385,000	-
Payments to auditors:		
- As auditor	400,000	100,000
- Tax audit	-	18,000
Courier and franking charges	3,287,395	2,468,344
Provision for doubtful advances	-	407,145
Miscellaneous expenses	405,672	498,619
	79,362,106	62,408,791

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Payswiff Solutions Private Limited
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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ except otherwise stated)

23. Related party disclosures

(a) Name of related parties and nature of relationship

Name of related party	Nature of Relationship
Payswiff Technologies Private Limited	Holding Company
Payswiff Services Private Limited	
Payswiff Pte Limited	Fellow subsidiaries
Payswiff ePayments Private Limited	
Prabhuram Radhakrishnan	Managing Director
Maulik Bipin Shah	
Priti Shah	Director
Krishna Kishore	
Anil Bharadwaj Vedam	Key Managerial Personnel

(b) Transactions with related parties

	For the year ended 31 March	
	2018	2017
Payswiff Technologies Private Limited		
Consultancy fees	5,000,000	5,000,000
Loans taken, net	34,575,760	53,340,655
Interest expenses	13,899,139	2,822,737
Payswiff Services Private Limited		
Reimbursement of expenses	1,367,561	-
Prabhuram Radhakrishnan		
Remuneration	5,850,000	2,378,400
Priti Maulik Shah		
Remuneration	3,400,000	1,546,400
Maulik Bipin Shah		
Remuneration	3,400,000	1,546,400
Krishna Kishore Vinnakota		
Remuneration	3,400,000	1,546,400
Anil Bharadwaja Vedam		
Remuneration	3,400,000	1,546,400

(c) Balances receivable/(payable)

	As at 31 March	
	2018	2017
Payswiff Technologies Private Limited	(87,916,415)	(53,340,614)
Payswiff Services Private Limited	-	1,033,351
Prabhuram Radhakrishnan	-	(172,233)
Maulik Bipin Shah	-	(136,434)
Priti Shah	-	(134,816)
Krishna Kishore Vinnakota	-	(136,208)
Anil Bharadwaja Vedam	-	(129,790)



Payswiff Solutions Private Limited
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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ except otherwise stated)

24. Segment reporting

The Company is primarily engaged in the business of providing omni-channel payment processing solutions in India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".

25. Value of imports on CIF basis

	For the year ended 31 March	
	2018	2017
Capital goods	68,864,328	39,737,957

26. Leases

As a lessee

The Company's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements generally range between 1 year to 5 years and are usually renewable by mutual consent on agreed terms. Rental expenses under operating leases are ₹6,717,075 (31 March 2017: 4,562,291).

The Company's lease obligations under lease arrangements is as given below:

	31 March	
	2018	2017
Not later than one year	9,317,036	2,161,596
Later than one year and not later than 5 years	33,215,058	-
	42,532,094	

27. There are no micro, small and medium enterprises, as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues as at the reporting date. The micro, small and medium enterprises have been identified by management on the basis of information available with the Company and have been relied upon by the auditors.

28. Capital commitments and contingent liabilities

The company has capital commitments to purchase capital assets aggregating to ₹15,549,101 as at 31 March 2018 (31 March 2017: ₹44,246,165). There are no contingent liabilities as at 31 March 2018.

29. During the year ended 31 March 2017, the Company had withheld an amount aggregating to ₹594,765,145 on account of suspicious transactions observed by the Company in respect of one of its merchant; the aforesaid amounts net of transaction and other charges recognized pursuant to the terms of the arrangement, was placed in a fixed deposit with the Company's bank. Further, pursuant to the specific directives issued by the Enforcement Directorate (ED), Department of Revenue, Ministry of Finance, Government of India the said fixed deposits were transferred to the ED subsequent to the balance sheet date.

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Payswiff Solutions Private Limited
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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ except otherwise stated)

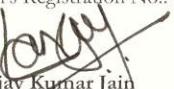
30. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

31. Comparatives

Previous year comparatives have been reclassified and regrouped wherever necessary, to conform to current years' presentation.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

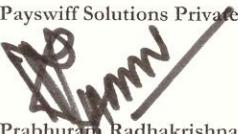
For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Sanjay Kumar Jain
Partner
Membership No: 207660

Place: Hyderabad
Date: 21 July 2018



For and on behalf of the Board of Directors of
Payswiff Solutions Private Limited


Prabhuram Radhakrishnan
Managing Director
DIN:1673968

Place: Hyderabad
Date: 21 July 2018


Ravi Kiran Pedarla
Director
DIN:6654269

Place: Hyderabad
Date: 21 July 2018

