

**Independent Auditor's Report on the Quarterly and Year to Date Audited
Standalone Financial Results of the Company Pursuant to the Regulation
33 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015, as amended**

To,
The Board of Directors of Intec Capital Limited,

Report on the audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of **Intec Capital Limited** (the "Company") for the quarter ended 31 March, 2020 and for the year ended 31 March, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information of the Company for the quarter ended 31 March, 2020 and of the net loss and other comprehensive income and other financial information of the Company for the year ended 31 March, 2020.

Basis for Qualified Opinion

The Company has availed term loans and working capital facilities from various banks, however, slow down of its lending business and increased level of non-performing / impaired loan portfolio, has impacted its cash flow / liquidity, and the Company is unable to service term loans and working capital facilities including interest thereon to certain banks. The interest of Rs. 712.95 lakhs accrued on these loans has not been accounted / provided for by the Company, due to the reasons as described by the Company in note no. 5 to these standalone financial results. The same has resulted in the non-compliance of the Ind AS and inconsistency in the application of the accounting policies of the Company, and if the said interest would have been accounted / provided



for, the Company's total comprehensive loss for the year, and borrowings and other equity as at the Balance Sheet date would have been Rs. 4,330.23 lakhs and Rs. 9,192.39 lakhs and Rs. 2,770.82 lakhs, as against the reported figures of Rs. 3,617.28 lakhs and Rs. 8,479.44 lakhs and Rs. 3,483.77 lakhs respectively.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the 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 are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.



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 Statement, 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, whether the Statement represents the underlying transactions and events in a manner that achieves the 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.

Other Matters

- a. The Statement includes the results for the quarter ended 31 March, 2020 and the corresponding quarter ended in the previous year as reported in these standalone financial results, which are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current and previous financial year respectively, which were subject to limited review, as required under the Listing Regulations.



b. The Company has adopted the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 (the 'Act'), read with the relevant rules thereunder with effect from 01 April, 2019 (transition date being 01 April, 2018). Accordingly these standalone financial results have been prepared in accordance with the 'Ind AS' and as the audited standalone financial results for periods upto and including year ended 31 March, 2019 were prepared under Previous Indian GAAP, the impact of the transition has been provided in the opening equity as at 01 April, 2018 and comparative periods have been restated accordingly.

Our qualified opinion on the Statement is not modified in respect of the above matters.

For S. P. CHOPRA & CO.

Chartered Accountants

Firm Regn. No. 000346N

(Pawan K. Gupta)

Partner

M. No. 092529

UDIN: 20092529AAAABV3994



Place : New Delhi

Dated: 09 July, 2020

| Particulars | Quarter ended 31 March, 2020 | Quarter ended 31 December, 2019 | Quarter ended 31 March, 2019 | Year ended 31 March, 2020 | Year ended 31 March, 2019 |
|---|---------------------------------|------------------------------------|---------------------------------|------------------------------|------------------------------|
| | Audited | Reviewed | Unaudited | Audited | Audited |
| 1 Revenue from operations | | | | | |
| Interest income (refer note 2 below) | (6.19) | 396.71 | 872.31 | 1,495.66 | 3,850.74 |
| Fees and commission income | 5.79 | 7.27 | 14.56 | 42.83 | 104.88 |
| Recovery of financial assets written off | 11.55 | 19.48 | 49.07 | 51.01 | 77.46 |
| Total revenue from operations | 11.15 | 423.46 | 935.94 | 1,589.50 | 4,033.08 |
| Other income | 92.40 | 0.14 | (0.92) | 135.71 | 259.84 |
| Total revenue | 103.55 | 423.60 | 935.02 | 1,725.21 | 4,292.92 |
| 2 Expenses | | | | | |
| Finance costs (refer notes 2 and 5 below) | (339.45) | 357.39 | 433.22 | 784.98 | 2,023.30 |
| Impairment on financial instruments | 1,537.47 | 586.32 | (233.39) | 4,489.18 | 1,087.88 |
| Employee benefits expense | 118.83 | 125.10 | 157.89 | 528.84 | 702.52 |
| Depreciation and amortisation expenses | 16.11 | 14.25 | 9.52 | 61.10 | 44.68 |
| Other expenses | 164.51 | 144.94 | 119.09 | 579.79 | 724.11 |
| Total expenses | 1,497.47 | 1,228.00 | 486.33 | 6,443.89 | 4,532.49 |
| 3 Loss/(Profit) before tax (3)-(1)-(2) | 1,393.92 | 804.40 | (448.69) | 4,718.68 | 239.57 |
| 4 Tax expense | | | | | |
| Current Tax - Earlier Year/s | | | | (121.43) | |
| Deferred Tax | (661.81) | (103.92) | 126.22 | (979.60) | 590.82 |
| Total tax (reversal)/expense | (661.81) | (103.92) | 126.22 | (1,101.03) | 590.82 |
| 5 Loss/(Profit) after tax (3)-(4) | 732.11 | 700.48 | (322.47) | 3,617.65 | 830.38 |
| 6 Other comprehensive income, net of tax | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurement gains on defined benefit plan | (1.56) | 0.69 | (9.78) | 0.50 | 2.75 |
| Tax impact on above | 0.41 | (0.18) | 2.54 | (0.13) | (0.71) |
| Total other comprehensive income, net of tax | (1.15) | 0.51 | (7.24) | 0.37 | 2.04 |
| 7 Total Comprehensive Loss/(Income) (5)+(6) | 733.26 | 699.97 | (315.23) | 3,617.28 | 828.34 |
| 8 Paid-up equity share capital (face value of Rs. 10/- each) | 1,836.63 | 1,836.63 | 1,836.63 | 1,836.63 | 1,836.63 |
| Earnings per equity share (not annualised) | | | | | |
| Nominal Value of share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Basic | (3.99) | (3.81) | 1.76 | (19.70) | (4.52) |
| Diluted | (3.99) | (3.81) | 1.76 | (19.70) | (4.52) |

Notes-

- The standalone financial results for the quarter and year ended 31 March, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 09 July, 2020.
- The Company has adopted the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 (the 'Act'), read with the relevant rules thereunder with effect from 01 April, 2019 (transition date being 01 April, 2018). Accordingly these financial results have been prepared in accordance with the 'Ind AS' and as the audited financial results for periods upto and including year ended 31 March, 2019 were prepared under Previous Indian GAAP, the impact of the transition has been provided in the opening equity as at 01 April, 2018 and comparative period have been restated accordingly. Further, the financial results for the three quarters ended on 30 June, 2019, 30 September, 2019 and 31 December, 2019 were prepared in accordance with Ind AS based on the preliminary selection of the exemptions and the accounting policies, and impact of the finalisation of these exemptions and policies has been taken in the quarter ended 31 March, 2020, and therefore the same may not be comparable as compared to previous / earlier quarter/s.
- The Reconciliation of the standalone financial results under 'Previous GAAP' and under 'Ind AS' for the corresponding previous quarter and year ended 31 March, 2019 are as under:

| Particulars | Quarter ended 31 March, 2019 | Year ended 31 March, 2019 | |
|--|---------------------------------|------------------------------|------------|
| | Unaudited | Audited | |
| Net Loss after tax reported under Previous GAAP | | | |
| Ind AS adjustments : | | | |
| - Impact of EIR based amortization of loan receivables (net) | | 4,465.94 | 5,536.55 |
| - Impairment of financial assets | | (350.67) | (1,377.88) |
| - Remeasurement of defined benefit plan | | (6,074.31) | (5,362.15) |
| - Adjustment of Prepaid rent | | (9.77) | 2.75 |
| - Deferred tax adjustment | | 1.65 | 1.65 |
| Total adjustments (net of tax) | | 1,644.69 | 2,029.46 |
| Net (Profit) / Loss after tax as per Ind AS | (4,788.41) | (4,706.17) | |
| Other Comprehensive Income, net of tax | | (322.47) | 830.38 |
| Total Comprehensive (Income) / loss as per Ind AS | (315.23) | 828.34 | |
- The Company is primarily engaged only in the business of providing loans to Small and Medium Enterprises ('SME') customers and has no overseas operations / units and as such, no segment reporting is required under Indian Accounting Standard for Operating Segments (Ind AS 108).
- The Company has availed term loans and working capital facilities from various banks, however, slow down of its lending business and increased level of non-performing / impaired loan portfolio, has impacted its cash flow / liquidity, and the Company is un-able to service term loans and working capital facilities including interest thereon to certain banks, and has approached these banks for its restructuring / settlement which Inter-alia includes waiver / reduction of interest being considered by the respective banks. As the Company is reasonably hopeful of waiver / reduction of the interest under these restructuring / settlement packages, interest of Rs. 712.95 lakhs though accrued on these loans, has not been provided in these financial results.
- The SARS-CoV-2 virus responsible for COVID-19, which has been declared a Global pandemic by the World Health Organization, continues to spread across the globe, and has contributed to a significant decrease in global and local economic activities, and most of the governments including the Indian Government, had announced the strict lockdowns across their respective countries as one of the strongest measures to contain the spread of the virus. The Company keeping in view the said situation, has assessed its future cash flow projections and recoverability of its assets including loans to customers and also held impairment testing of its non-monetary assets including the property, plant and equipment, using the various internal and external information. Based on this evaluation, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets as at the date of approval of these financial results. However, the extent to which the COVID-19 pandemic will impact the Company's future activities and financial results will depend on future developments which are highly uncertain, therefore the impact of COVID-19 on the financial results may differ from that estimated as at the date of approval of these financial results.
- Accumulated losses have resulted in erosion of substantial net worth of the Company. However, the financial results have been prepared on a going concern basis on the strength of continued support from promoters and bankers, the future plans for operations and also the intensified process of the recovery of its defaulted loans to improve its liquidity, which is reflected through the recovery of Rs. 957.70 lakhs made during the year. The management, considering the same is hopeful of improvement in its financial position.
- The figures for the quarter ended 31 March, 2020 and the corresponding quarter ended in the previous year are the balancing figures between audited figures of the full financial year and published unaudited year to date figures up to the third quarter of the current and previous financial year respectively, which were subjected to limited review.
- Figures for previous quarter / year have been regrouped and / or reclassified, wherever considered necessary, to conform to current quarter's / year's disclosures.

For and on behalf of the Board of Directors
of Intec Capital Limited

Sandeep Goyal
(Managing Director)
DIN - 00028702



Place : New Delhi
Date : 09 July, 2020

INTEC CAPITAL LIMITED
(CIN:L74899DL1994PLC057410)

Regd Office: 708, Manjusha, 57 Nehru Place, New Delhi-110 019, Website:www.inteccapital.com

Email for investors: complianceofficer@inteccapital.com

Statement of Standalone Audited Assets and Liabilities

(Rs. in lakhs)

| Particulars | As at 31 March, 2020 | As at 31 March, 2019 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 232.93 | 265.12 |
| Bank Balance other than cash and cash equivalents | 3.56 | 62.09 |
| Loans | 7,460.74 | 14,440.69 |
| Investments | 777.21 | 777.21 |
| Other financial assets | 1,674.10 | 1,834.21 |
| Non-financial Assets | | |
| Current tax assets (net) | 468.75 | 485.21 |
| Deferred tax assets (net) | 3,556.57 | 2,575.24 |
| Property, plant and equipment | 61.22 | 78.96 |
| Capital work-in-progress | 5.19 | 4.91 |
| Intangible assets | 31.82 | 37.54 |
| Right-of-use assets | 79.75 | - |
| Other non-financial assets | 31.97 | 50.62 |
| Non-current assets held for sale | 15.90 | - |
| Total Assets | 14,399.71 | 20,611.80 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial Liabilities | | |
| Borrowings | 8,479.44 | 10,883.78 |
| Lease liabilities | 92.11 | - |
| Other financial liabilities | 496.15 | 760.66 |
| Non-Financial Liabilities | | |
| Provisions | 4.48 | 8.13 |
| Other non-financial liabilities | 7.13 | 16.22 |
| EQUITY | | |
| Equity share capital | 1,836.63 | 1,836.63 |
| Other equity | 3,483.77 | 7,106.38 |
| Total Liabilities and Equity | 14,399.71 | 20,611.80 |

For and on behalf of the Board of Directors
of Intec Capital Limited

Sanjeev Goel

(Managing Director)

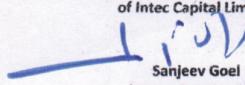
DIN - 00028702

Place : New Delhi

Date : 09 July, 2020



Standalone Statement of Cash Flows for the year ended 31 March, 2020

| Particulars | Year ended 31 March, 2020 | Year ended 31 March, 2019 | (Rs. in lakhs) |
|---|--|------------------------------|----------------|
| A. Cash flow from operating activities | | | |
| (Loss) before tax | (4,718.68) | (239.57) | |
| Adjustments for: | | | |
| Depreciation and amortisation | 61.10 | 44.68 | |
| Profit on sale of investment | - | (16.40) | |
| Impairment on financial instruments | 4,489.18 | 1,037.88 | |
| Liabilities no longer required written back | (116.64) | (200.02) | |
| Loss on disposal of property, plant & equipment (net) | 1.30 | 7.39 | |
| Finance costs | 784.98 | 2,023.30 | |
| Operating profit before working capital changes | 501.24 | 2,657.26 | |
| Movement in working capital: | | | |
| Decrease in loans | 2,702.77 | 8,112.78 | |
| Increase in other financial assets | (51.89) | (654.00) | |
| Decrease in other non-financial assets | 18.65 | 50.69 | |
| Decrease in other financial liabilities | (139.37) | (57.81) | |
| (Decrease)/Increase in provisions | (3.27) | 1.19 | |
| Decrease in other non-financial liabilities | (8.98) | (31.01) | |
| Cash flow from operations | 3,019.15 | 10,079.10 | |
| Taxes refund (net) | 137.89 | 207.05 | |
| Net cash flow from operating activities (A) | 3,157.04 | 10,286.15 | |
| Cash flow from investing activities | | | |
| Purchase/(sale) of property, plant and equipment and intangible assets (net) | (16.03) | (25.68) | |
| Recognition of non-current assets held for sale | (15.90) | - | |
| Proceeds from investments measured at amortised cost | - | 18.70 | |
| Fixed deposits (free from lien) | 58.53 | 1,145.99 | |
| Net cash flow from investing activities (B) | 26.60 | 1,139.01 | |
| Cash flow from financing activities | | | |
| Repayments of secured loans | (2,404.34) | (9,328.79) | |
| Repayment of unsecured loans | - | (4.33) | |
| Payment of principal portion of lease liabilities | (18.01) | - | |
| Payment of interest portion of lease liabilities | (13.47) | - | |
| Finance costs | (780.01) | (1,921.70) | |
| Net cash used in financing activities (C) | (3,215.83) | (11,254.82) | |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | (32.19) | 170.34 | |
| Cash and cash equivalents at the beginning of the year | 265.12 | 94.78 | |
| Cash and cash equivalents at the end of the year | 232.93 | 265.12 | |
| Notes: | | | |
| 1. The above Standalone Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind - AS) - 7 'Statement of Cash Flows' | | | |
| 2. Cash and cash equivalents in the standalone balance sheet comprises of Cash in hand and Balances with Banks. | | | |
| Cash on hand | 9.81 | 11.95 | |
| Balances with banks: | | | |
| - in current accounts | 62.76 | 253.17 | |
| - in term deposits having original maturity of 3 months or less | 160.37 | - | |
| | 232.93 | 265.12 | |
|  Place : New Delhi Date : 09 July, 2020 | For and on behalf of the Board of Directors of Intec Capital Limited  Sanjeev Goel (Managing Director) DIN - 00028702 | | |

ANNEXURE I

Statement on Impact of Audit Qualifications on Standalone Audited Financial Results

| Statement on Impact of Audit Qualifications for the Financial Year ended 31 March, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | |
|---|--|--|---|
| SI.NO | Particulars | Audited figures (as reported before adjusting for qualifications) (Rs. in lakhs) | Audited figures (as reported after adjusting for qualifications) (Rs. in lakhs) |
| 1 | Turnover / Total income | 1,725.21 | 1,725.21 |
| 2 | Total Expenditure (including tax) | 5,342.49 | 6,055.44 |
| 3 | Net Loss (including other comprehensive income) | 3,617.28 | 4,330.23 |
| 4 | Earnings Per Share | (19.70) | (23.58) |
| 5 | Total Assets | 14,399.71 | 14,399.71 |
| 6 | Total Liabilities | 9,079.31 | 9,792.26 |
| 7 | Net Worth | 5,320.40 | 4,607.45 |
| 8 | Any other financial item(s) (as felt appropriate by the managements) | Nil | Nil |
| II. Audit Qualification: | | | |
| a. Details of Audit Qualification: The Company has availed term loans and working capital facilities from various banks, however, slow down of its lending business and increased level of non-performing / impaired loan portfolio, has impacted its cash flow / liquidity, and the Company is un- able to service term loans and working capital facilities including interest thereon to certain banks. The interest of Rs. 712.95 lakhs accrued on these loans has not been accounted / provided for by the Company, due to the reasons as described by the Company in note no. 5 to these standalone financial results. The same has resulted in the non-compliance of the Ind AS and inconsistency in the application of the accounting policies of the Company, and if the said interest would have been accounted / provided for, the Company's total comprehensive loss for the year, and borrowings and other equity as at the Balance Sheet date would have been Rs. 4,330.23 lakhs and Rs. 9,192.39 lakhs and Rs. 2,770.82 lakhs, as against the reported figures of Rs. 3,617.28 lakhs and Rs. 8,479.44 lakhs and Rs. 3,483.77 lakhs respectively. | | | |
| b. Type of Audit Qualification : Qualified Opinion | | | |
| c. Frequency of qualification: Appeared first time | | | |
| d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As the Company is in the talks / discussion with banks for restructuring / one time settlement, the Company feels because of COVID-19, the Company will be able to get the interest not provided, waived off from the banks, hence the interest amounting to Rs. 712.95 lakhs has not been provided. | | | |



| | |
|--|---|
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor: |
| | (i) Management's estimation on the impact of audit qualification: |
| | (ii) If management is unable to estimate the impact, reasons for the same: |
| | (iii) Auditors' Comments on (i) or (ii) above: |
| III. Signatories: <ul style="list-style-type: none"> * CEO/Managing Director <u>L. J. Iyer</u> * CFO <u>R. Kanand</u> * Audit Committee Chairman <u>A. D.</u> * Statutory Auditor <u>S. P. Chopra</u> | |
| Place: New Delhi | |
| Date: 09 July, 2020 | |

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