

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Inspirisys Solutions Japan Kabhushiki Kaishai, Japan

We have audited the attached Ind As financial statement of Inspirisys Solutions Kabhushiki Kaishai, Japan (hereinafter referred to as the "Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2023 and the statement of Profit and Loss (including other comprehensive income), statement of cash flows and the statement of changes in Equity for the year ended and a summary of significant accounting policies and other explanatory statements. These financial statements have been prepared by the Company's management as per Ind AS Principles adopted in India for the purpose of consolidating the company's financials with that of the holding company.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs and results of operations of the company in accordance with the Ind AS adopted in India; this includes the design implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair views and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the ICAI. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design the audit procedure that are appropriate the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluation the overall presentation of the financial statements.

# **S K RAM ASSOCIATES**

Chartered Accountants  
Old No. 57/2, New No. 103  
P.S. Sivaswamy Salai, Mylapore  
Chennai 600 004. INDIA  
skram1.associates@gmail.com

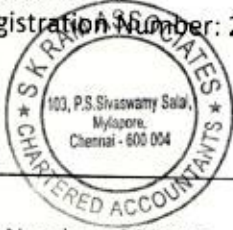
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(91) (44) 24991644

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2022, and of its results of operations for the year then ended in accordance with Generally Accepted Accounting Principles adopted in India, subject to note no. 1.12 to the financial statements for the year ended 31<sup>st</sup> March 2023.

For S K Ram Associates  
Chartered Accountants  
ICAI Firm Registration Number: 2842S



**R. Balaji**

Membership Number: 202916

UDIN: 23202916BGPPEY7758

Place of Signature: Chennai

Date: 09<sup>th</sup> May 2023

**Inspirisys Solutions Japan , Kabhushiki Kaisha**

**Audited Balance sheet as at 31 March 2023**

*(All figures are in Japanese Yen , unless otherwise stated)*

Particulars	Notes	As at Mar 31, 2023	As at Mar 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		-	-
Financial assets		-	-
- Other financial assets	2.1	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Cash and cash equivalents	2.2	361,196	420,938
<b>Total</b>		<b>361,196</b>	<b>420,938</b>
<b>Assets Total</b>		<b>361,196</b>	<b>420,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2.3	18,550,000	18,550,000
Other equity			
- Reserves and surplus	2.4	(217,695,950)	(207,836,336)
<b>Total</b>		<b>(199,145,950)</b>	<b>(189,286,336)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	2.5	121,088,142	117,745,791
- Trade payables	2.6	76,926,420	70,468,899
- Other financial liabilities	2.7	1,492,584	1,492,584
<b>TOTAL</b>		<b>199,507,146</b>	<b>189,707,274</b>
<b>Liabilities Total</b>		<b>361,196</b>	<b>420,938</b>
Significant Accounting Policies & Other Notes	1		
Notes to the Balance Sheet	2		
As per our report of even date			

**For S K RAM ASSOCIATES**

**Firm Registration No. 28425**

Chartered Accountants

*R. Balaji*

**Membership No. 202916**



**For and on behalf of the Board**

*Rid*  
Director

*P. Prabhakar*  
Director

Place: Chennai, India

Date : 09 May, 2023

# Inspirisys Solutions Japan , Kabhushiki Kaisha

## Audited Statement of Profit and loss account for Year ended 31 March 2023

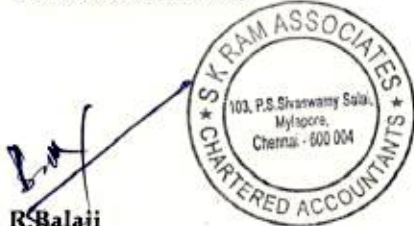
(All figures are in Japanese Yen , unless otherwise stated)

Particulars	Notes	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations		-	-
Other income	3.1	-	-
<b>Total revenue (I)</b>		-	-
<b>Expenses</b>			
Employee benefit expenses	3.2	-	-
Other expenses	3.3	9,301,305	9,399,581
<b>Total (II)</b>		<b>9,301,305</b>	<b>9,399,581</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>(9,301,305)</b>	<b>(9,399,581)</b>
Depreciation and amortization expense		-	-
Finance costs (Net)	3.4	558,309	558,311
<b>Profit/(loss) before tax</b>		<b>(9,859,614)</b>	<b>(9,957,892)</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>(9,859,614)</b>	<b>(9,957,892)</b>

Significant Accounting Policies & Other Notes	1
Notes to the Statement of Profit and Loss Account	3

As per our report of even date

For S K RAM ASSOCIATES  
Firm Registration No.2842S  
Chartered Accountants



R. Balaji  
Membership No.202916

For and on behalf of the Board

Director

Director

Place: Chennai, India  
Date : 09 May, 2023

Inspirisys Solutions Japan , Kabhushiki Kaisha

Cash Flow Statement for the period

(All figures are in Japanese Yen , unless otherwise stated)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the year before tax	(9,859,614)	(9,957,892)
<i>Adjustment for:</i>		
Depreciation on fixed assets	-	-
Finance costs	558,309	558,311
<b>Operating profit / (loss) before reinvestment of capital</b>	<b>(9,301,305)</b>	<b>(9,399,581)</b>
(Increase)/Decrease in Trade receivables	-	-
(Increase)/Decrease in other current assets	-	-
(Increase)/Decrease in loans and advances	-	187,453
Increase/(Decrease) in trade and other payables	6,457,521	6,436,953
Increase/(Decrease) in other current liabilities	-	1,164,817
<b>Cash generated from / (used in) operations</b>	<b>(2,843,784)</b>	<b>(1,610,358)</b>
Tax (paid)		
<b>Net cash flows from operating activities</b>	<b>(2,843,784)</b>	<b>(1,610,358)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of non current assets & CWIP	-	-
<b>Net cash flows from/ (used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Finance costs	(558,309)	(558,311)
Loan Received	3,342,163	2,169,168
<b>Net cash flows from/ (used in) financing activities</b>	<b>2,783,854</b>	<b>1,610,857</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(59,930)</b>	<b>500</b>
Cash & cash equivalents at the beginning of the year	421,126	420,627
<b>Cash &amp; Cash equivalents at end of the year</b>	<b>361,196</b>	<b>421,126</b>

As per our report of even date

For S K RAM ASSOCIATES

Firm Registration No.28426

Chartered Accountants

  
R. Balaji

Membership No.202916



For and on behalf of the Board

  
Director

  
Director

Place: Chennai, India

Date : 09 May, 2023

## Inspirisys Solutions Japan , Kabhushiki Kaisha

Notes to the balance sheet as at 31 March 2023

(All figures are in Japanese Yen , unless otherwise stated)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
<b>2.1 Other financial assets</b>		
<b>Non Current</b>		
Rental deposit	-	-
Other loans and advances	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>2.2 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	-	-
Balances with banks - current accounts	361,196	420,938
<b>Total</b>	<u>361,196</u>	<u>420,938</u>
<b>2.3 Share capital</b>		
<b>Issued, Subscribed &amp; Paid up</b>		
371 (March 31,2022:371) equity shares of JPY 50,000 each	18,550,000	18,550,000
<b>2.4 Other Equity</b>		
<b>Currency translation Reserve</b>		
Balance as at the beginning of the year		
Add : Reserve Credited during the year		
Add : Reserve Utilised during the year		
<b>Balance as at the end of the year</b>		
<b>Securities premium reserve</b>	7,905,000	7,905,000
<b>General reserve</b>		
Retained earnings	-215,741,336	-205,783,444
Profit /(Loss) For The Year	(9,859,614)	(9,957,892)
<b>Balance as at the end of the year</b>	<u>(225,600,950)</u>	<u>(215,741,336)</u>
<b>Total</b>	<u>(217,695,950)</u>	<u>(207,836,336)</u>
<b>2.5 Borrowings</b>		
<b>Current</b>		
<b>Unsecured</b>		
Loans and advances from related parties	121,088,142	117,745,791
<b>Total</b>	<u>121,088,142</u>	<u>117,745,791</u>
<b>2.6 Trade payables</b>		
Dues other than MSMED	76,926,420	70,468,899
<b>Total</b>	<u>76,926,420</u>	<u>70,468,899</u>
<b>2.7 Other financial liabilities</b>		
Employee related payables	1,492,584	1,492,584
Other accrued liabilities	-	-
<b>Total</b>	<u>1,492,584</u>	<u>1,492,584</u>

## Inspirisys Solutions Japan , Kabhushiki Kaisha

Notes to the Statement of Profit and Loss account for Year ended 31 March 202  
(All figures are in Japanese Yen , unless otherwise stated)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>3.3 Other expenses</b>		
Rent		-
Power and fuel		-
Insurance		-
Communication costs		-
Legal and professional fees	38,292	-
Advertising and sales promotion		-
Exchange differences (net)	9,241,563	9,212,128
Bad debts written off		187,453
Miscellaneous expenses	21,450	-
<b>Total</b>	<b>9,301,305</b>	<b>9,399,581</b>
<b>3.4 Finance costs</b>		
Bank charges & Commission	558,309	558,311
<b>Total</b>	<b>558,309</b>	<b>558,311</b>

**Inspirisys Solutions Japan , Kabhushiki Kaisha**

**1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2023**

*(All figures are in Japanese Yen , unless otherwise stated)*

**1.1. Legal status and business activity:**

Inspirisys Solutions KABUSHIKI KAISHA, a company incorporated under the laws of JAPAN in Tokyo. The company was acquired as a wholly owned subsidiary by Inspirisys Solutions Limited, effective January 01, 2008. The company is primarily engaged in rendering software services.

**1.2. Tangible Assets:**

a) Cost: The tangible assets represent Computers & Peripherals and stated at cost. Cost includes all expenses directly

**1.3. Changes in equity:**

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2022	26,455,000	(215,741,336)	(189,286,336)
Profit/(Loss) for the year ending Mar 31, 2023		(9,859,614)	(9,859,614)
Balance as on March 31, 2023	26,455,000	(225,600,950)	(199,145,950)

**1.4. REVENUE RECOGNITION:**

Revenue is generally accounted for on accrual basis and is recognized as follows:

a) Services: Revenue is recognized over the period in which the service is provided.

b) Software services:

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues.

Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

**1.5. RELATED PARTIES TRANSACTION**

Name of the Party	Nature of Relationship
Inspirisys Solutions Limited	Holding company
CAC Holdings Corporation Japan	Ultimate Holding company
Inspirisys Solutions North America Inc	Fellow Subsidiary
Network Programs USA INC. USA	Fellow Subsidiary
CAC Corporation , Japan	Affiliate Company

**KEY MANAGERIAL PERSONNEL:**



Mr. Malcolm F. Mehta (Ceased to be Director w.e.f 31.10.2022)  
Mr. Milind Kalurkar  
Mr Reni Don Rozario

Director  
Director  
Director

**1.6. RELATED PARTY INTEREST IN CONTRACTS:**

The key persons of the company are neither directly nor indirectly interested in any contract with the company.

**1.7. The transactions with its related parties are as follows :**

Particulars	Ultimate Holding Company	Fellow Subsidiary
Purchases		
Sales		
Receivables		
Payables	87,923,126 (87,364,817)	110,091,838 (86,914,586)

Note: Item under parenthesis represent previous year figures

**1.8. Capital Commitments:**

The Company has no capital commitments, which would require disclosure as at March 31, 2023

**1.9. Contingent Liabilities:**

There are no contingent liabilities as at the balance sheet date, which would require provision or disclosure.

**1.10. Earning per Share**

The earnings considered in ascertaining the company's basic and diluted earnings per share comprise of the net profit/(loss) after tax . The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing the diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares if any which would have been issued on the conversion of all dilutive potential equity shares.

**1.11. Measurement of EBITDA**

The company measures EBITDA on the basis of profit /(loss) from continuing operations. In its measurement does not include depreciation and amortization expense, finance costs and tax expense

**1.12. Going Concern**

The Company incurred a net loss of JPY 98.60 lakhs during the year ended March 31, 2023, as of that date, the Company's current liabilities exceeded its total assets by JPY 1991.47 Lakhs. However, the long term liabilities and current liabilities are predominantly due to Ultimate Holding Company and fellow subsidiary Companies. The Management of the Holding Company is confident of infusing capital into the Company after getting necessary approval from the regulatory authorities to repay the debts and liabilities of the company and this will enable the company to operate as a Going Concern. Accordingly, no adjustments have been made to the carrying amount of the assets and liabilities and these financial statements have been prepared using the going concern concept.

**1.13. Comparative Figures:**

The previous year's balances have been regrouped / reclassified wherever necessary to conform to the current year's

*As per our report attached*

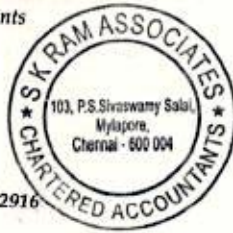
**For S K RAM ASSOCIATES**

**Firm Registration No.2842S**

*Chartered Accountants*

  
R. Balaji

Membership No. 202916



**For and on behalf of the Board**

  
Director

  
Director

Place: Chennai, India

Date : 09 May, 2023