

# **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

Phone : (91) (44) 24993637  
(91) (44) 24991644

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Inspirisys Solutions North America

We have audited the attached Ind As financial statement of Inspirisys Solutions North America (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.

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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 2023, 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. 1.15 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: 28425



**R. Balaji**

Membership Number: 202916  
UDIN: 23202916BGPPEW9074  
Place of Signature: Chennai  
Date: 09<sup>th</sup> May 2023



**Inspirisys Solutions North America Inc.,**

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

*(All amounts in USD , 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		515	515
<b>Financial assets</b>			
- Other financial assets	2.1	3,493	3,493
<b>Total</b>		<b>4,008</b>	<b>4,008</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Trade receivables	2.2	600,535	676,595
- Cash and cash equivalents	2.3	165,086	635,813
- Loans	2.4	3,973,301	2,519,723
Other current assets	2.5	321,141	371,462
<b>Total</b>		<b>5,060,064</b>	<b>4,203,593</b>
<b>Assets Total</b>		<b>5,064,072</b>	<b>4,207,600</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2.6	655,000	655,000
Other equity			
- Reserves and surplus	2.7	(3,312,606)	(3,387,908)
<b>Total</b>		<b>(2,657,606)</b>	<b>(2,732,908)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings Current	2.8	1,905,000	1,600,000
- Borrowings Non Current		650,000	325,000
<b>Total</b>		<b>2,555,000</b>	<b>1,925,000</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Trade payables	2.9	4,932,180	4,811,656
- Other financial liabilities	2.10	221,255	170,218
Other current liabilities	2.11	13,243	33,634
<b>TOTAL</b>		<b>5,166,678</b>	<b>5,015,508</b>
<b>Liabilities Total</b>		<b>5,064,072</b>	<b>4,207,600</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.2842S**

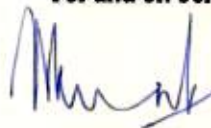
Chartered Accountants

  
R. Balaji

Membership No.202916



**For and on behalf of the Board**



Director



Director

Place: Chennai, India

Date : 09 May, 2023

**Inspirisys Solutions North America Inc.,**

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

*(All amounts in USD , 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	3.1	3,480,232	3,742,876
Other income	3.2	447,670	316,090
<b>Total revenue (I)</b>		<b>3,927,902</b>	<b>4,058,966</b>
<b>Expenses</b>			
Cost of Services	3.3	1,452,242	1,436,024
Employee benefit expenses	3.4	1,824,905	2,105,013
Other expenses	3.5	438,089	309,009
<b>Total (II)</b>		<b>3,715,236</b>	<b>3,850,047</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>212,666</b>	<b>208,919</b>
Depreciation and amortization expense	3.6	-	-
Finance costs (Net)	3.7	137,364	41,603
<b>Profit/(loss) before tax</b>		<b>75,302</b>	<b>167,316</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>75,302</b>	<b>167,316</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

Inspirisy Solutions North America Inc.,

Cash Flow Statement for the year ended  
(All amounts in USD, unless otherwise stated)

Particulars	Year ended 31-03-2023	Year ended 31-03-2022
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the year before tax Adjustment for:	75,302	167,316
Financing costs	137,364	41,603
Depreciation on fixed assets	-	-
<b>Operating profit / (loss) before reinvestment of capital</b>	<b>212,666</b>	<b>208,919</b>
(Increase)/Decrease in Trade receivables	76,060	48,755
(Increase)/Decrease in P&L debit balance	-	-
(Increase)/Decrease in current assets	(1,403,258)	(1,174,533)
Increase/(Decrease) in trade and other payables	151,170	1,740,468
<b>Cash generated from / (used in) operations</b>	<b>(963,362)</b>	<b>823,609</b>
Tax (paid)	-	-
<b>Net cash flows from operating activities</b>	<b>(963,362)</b>	<b>823,609</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>		
Equity investment	-	-
Borrowings	630,000	(325,000)
Financing costs	(137,364)	(41,603)
<b>Net cash flows from / (used in) financing activities</b>	<b>492,636</b>	<b>(366,603)</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(470,727)</b>	<b>457,006</b>
Cash & cash equivalents at the beginning of the year	635,813	178,807
<b>Cash &amp; Cash equivalents at end of the year</b>	<b>165,086</b>	<b>635,813</b>

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

  
Director

  
Director

Place: Chennai, India

Date : 09 May, 2023

Inspirisys Solutions North America Inc.,

2. Notes to the balance sheet as at 31 March 2023

(All amounts in USD , unless otherwise stated)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
<b>Assets</b>		
<b>2.1 Other financial assets</b>		
<b>Non Current</b>		
Rental deposit	3,493	3,493
Less: Provision for Doubtful		
<b>Total</b>	<b>3,493</b>	<b>3,493</b>
<b>2.2 Trade receivables</b>		
<b>Current</b>		
Considered good	600,535	676,595
Considered doubtful		
	600,535	676,595
Less:Provision for doubtful receivables		
<b>Total</b>	<b>600,535</b>	<b>676,595</b>
<b>2.3 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks - current accounts	165,086	635,813
<b>Total</b>	<b>165,086</b>	<b>635,813</b>
<b>2.4 Loans</b>		
<b>Long term</b>		
Loans and advances to related parties (Also, refer note )		
Considered good	3,973,301	2,519,723
Considered doubtful		
<b>Total</b>	<b>3,973,301</b>	<b>2,519,723</b>
<b>2.5 Other current assets</b>		
Unbilled revenue	305,255	358,418
Prepaid expenses	10,886	13,044
Employee advances	5,000	-
<b>Total</b>	<b>321,141</b>	<b>371,462</b>
<b>2.6 Share capital</b>		
<b>Issued, Subscribed &amp; Paid up</b>		
655,000 (March 31,2022:655,000) equity shares of 1 USD each	655,000	655,000
<b>2.7 Other Equity</b>		
<b>General reserve</b>		
Retained earnings	(3,387,908)	(3,555,224)
Profit /(Loss) For The Year	75,302	167,316
<b>Balance as at the end of the year</b>	<b>(3,312,606)</b>	<b>(3,387,908)</b>
<b>Total</b>	<b>(3,312,606)</b>	<b>(3,387,908)</b>

Inspirisys Solutions North America Inc.,

2. Notes to the balance sheet as at 31 March 2023

(All amounts in USD , unless otherwise stated)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
<b>2.8 Borrowings</b>		
Current		
Unsecured		
Loans and advances from related parties	1,905,000	1,600,000
<b>Total</b>	<b>1,905,000</b>	<b>1,600,000</b>
Non-current		
Unsecured		
Loans and advances from related parties	650,000	325,000
<b>Total</b>	<b>650,000</b>	<b>325,000</b>
<b>2.90 Trade payables</b>		
Dues other than MSMED	4,932,180	4,811,656
<b>Total</b>	<b>4,932,180</b>	<b>4,811,656</b>
<b>2.10 Other financial liabilities</b>		
Other accrued liabilities	221,255	170,218
<b>Total</b>	<b>221,255</b>	<b>170,218</b>
<b>2.11 Other current liabilities</b>		
Unearned service revenue	13,243	12,705
Statutory dues payable	-	20,929
<b>Total</b>	<b>13,243</b>	<b>33,634</b>

**Inspirisys Solutions North America Inc.,**

**3 Notes to the Statement of Profit and Loss account for Year ended 31 March 2023**

*(All amounts in USD , unless otherwise stated)*

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>3.1 Revenue from operations</b>		
Sale of services	3,480,232	3,742,876
<b>Revenue from operations (net)</b>	<b>3,480,232</b>	<b>3,742,876</b>
 <b>3.2 Other income</b>		
Other non-operating income	447,670	316,090
<b>Total</b>	<b>447,670</b>	<b>316,090</b>
 <b>3.3 Cost of Services</b>		
Sub-contracting and outsourcing cost	1,452,242	1,436,024
<b>Total</b>	<b>1,452,242</b>	<b>1,436,024</b>
 <b>3.4 Employee benefits expense</b>		
Salaries, wages and bonus	1,824,905	2,105,013
<b>Total</b>	<b>1,824,905</b>	<b>2,105,013</b>
 <b>3.5 Other expenses</b>		
Rent	20,700	24,660
Insurance	9,735	9,305
Rates and taxes	60,680	57,902
Communication costs		416
Travelling and conveyance	32,273	17,230
Legal and professional fees	265,688	166,291
Advertising and sales promotion		490
Miscellaneous expenses	49,013	32,714
<b>Total</b>	<b>438,089</b>	<b>309,009</b>
 <b>3.6 Depreciation and amortization expense</b>		
Depreciation of tangible assets	-	-
<b>Total</b>	-	-
 <b>3.7 Finance costs</b>		
Interest	137,364	41,603
Bank charges & Commission		
<b>Total</b>	<b>137,364</b>	<b>41,603</b>



Inspirisys Solutions North America Inc.,

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

(All amounts in USD, unless otherwise stated)

1.1. Legal status and business activity:

Inspirisys Solutions North America Inc, a company incorporated under the state laws of California, USA. The company is primarily engaged in rendering software services.

1.2. Tangible Assets:

a) Cost: The tangible assets represent office equipments, air conditioners, Furniture & Fixtures & Vehicles. The Tangible assets are stated at cost. Cost includes all expenses directly attributable to bringing the asset to its working condition for its intended use.

Depreciation: Depreciation on tangible assets is computed from the date the assets have been installed and put to use.

1.3. Sundry debtors / Sundry creditors / Loans & advances

Cash and Cash equivalents comprise of cash and bank current account.	March 31, 2023	March 31, 2022
Cash at Bank	165,086	635,813
	<u>165,086</u>	<u>635,813</u>

1.4. Trade receivables & Other Assets

Trade and Other receivables are stated at the amounts estimated to be realized.	March 31, 2023	March 31, 2022
Trade Receivables	600,535	676,595
	<u>600,535</u>	<u>676,595</u>

1.5. Liabilities & Provisions:

All known liabilities have been accounted in preparing the financial statements.

Classification of Liabilities:

Liabilities classified as current liabilities on the balance sheet date are those, which fall due for payment on demand within one year from the balance sheet Amount falling due within one year

Amount falling due within one year	March 31, 2023	March 31, 2022
Trade Payables	4,932,180	4,811,656
Other Current liabilities	234,497	203,852
	<u>5,166,678</u>	<u>5,015,508</u>

The company has sought for confirmation from concerned parties in respect of major balances stated at their values shown under sundry debtors, sundry creditors and loans & advances outstanding as at the year end, which is subject to confirmation.

1.6. Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2022	655,000	(3,387,908)	(2,732,908)
Profit/(Loss) for the year ending Mar 31, 2023	-	75,302	75,302
Balance as on March 31, 2023	<u>655,000</u>	<u>(3,312,606)</u>	<u>(2,657,606)</u>

### 1.7. 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.

### 1.8. RELATED PARTIES TRANSACTION

Name of the Party	Nature of Relationship
CAC Holdings Corporation, Tokyo, Japan	Ultimate Holding Company
Inspirisys Solutions Limited	Holding company
Inspirisys Solutions Europe Ltd UK	Fellow Subsidiary
Inspirisys Solutions Japan Kabushiki Kaisha	Fellow Subsidiary
Inspirisys Solutions DMCC	Fellow Subsidiary
Network Programs USA, Inc.	Fellow Subsidiary

#### Directors of the company

Mr. Malcolm F Mehta (Ceased to be Director w.e.f. 31.10.2022)	Director
Mr. Milind Kalurkar	Whole time Director
Mr. Maqbool Hassan (Ceased to be Director w.e.f. 01.08.2022)	Director
Mr. David Kumar	Director
Mr. Reni Don Rozario	Director

#### 1.9. The transactions with its related parties are as follows :

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel
Sale of Services/Marketing Support Fees		299,400	-	
		(279,000)	-	
Interest Earned (ISDMCC)			122,546	
			(37,090)	
Purchases		1,431,533	-	
		(1,386,226)	-	
Interest Paid	86,965			
	(41,603)			
Loans and Advances / Receivables	-		3,973,301	
	-	(18,600)	(2,443,532)	
Payables	63,068	4,905,626	-	
	(17,649)	(4,785,599)	-	
Loans Outstanding	2,555,000			
	1,925,000			
Payment of Salaries (Mr. Milind Kalurkar)				186,000
				(126,130)

Note: Item under parenthesis represent previous year figures

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

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

Mr Murali Gopalakrishnan is key person of the the company. Mr Murali Gopalakrishnan is also the Executive Director and CEO of Inspirisys Solutions Limited, the holding company.

**1.11. Capital Commitments:**

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

**1.10. Contingent Liabilities:**

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

**1.11. 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.

**1.12. 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

**1.13. Taxation:**

Taxes on profits have not been computed on account of brought forward losses.

**1.15. Going Concern:**

At 31 March 2023 the company's current liabilities including current maturities of long term debts exceed current assets by USD 26.62 lakhs. The company recorded a profit before tax for year ended 31 March 2023 of USD 0.75 Lakhs. Further, the company has accumulated losses amounting to USD 33.13 lakhs which has resulted in erosion of net worth. However, the current liabilities and long term liabilities are predominantly debts due to Ultimate Holding Company and trade payables to Holding company. The management is confident that the future revenue and cash flow projections will enable the Group 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 assumption.

**1.14. Comparative Figures:**

The previous year's figures have been regrouped / recasted wherever necessary to conform to the current year's presentation.

*As per our report attached*

For S K RAM ASSOCIATES  
Firm Registration No.28425  
Chartered Accountants

R.Balaji  
Membership No.202916

Place: Chennai, India  
Date : 09 May, 2023

For and on behalf of the Board



Director



Director