

## **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 2020 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.

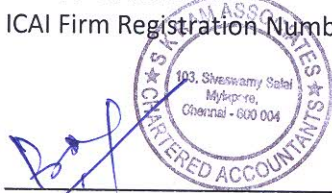
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or 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.

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 2020, and of its results of operations for the year then ended in accordance with Generally Accepted Accounting Principles adopted in India.

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



**R. Balaji**

Membership Number: 202916

Place of Signature: Chennai

Date: 31<sup>st</sup> May 2020

# Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )

Audited Balance sheet as at 31st Mar 2020

(All amounts in JPY lakhs, unless otherwise stated)

	Notes	As at Mar 31, 2020	As at Mar 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>		0.00	1.54
Property, plant and equipment			
Financial assets	2.1	29.03	39.26
- Other financial assets	2.2	0.00	0.00
Other non-current assets			
<b>Total</b>		<b>29.03</b>	<b>40.79</b>
<b>Current assets</b>			
Financial assets	2.3	61.40	238.14
- Trade receivables	2.4	14.23	216.88
- Cash and cash equivalents	2.5	8.31	9.43
Other current assets			
<b>Total</b>		<b>83.94</b>	<b>464.45</b>
<b>Assets Total</b>		<b>112.97</b>	<b>505.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	2.6	185.50	185.50
Equity share capital			
Other equity	2.7	(1,938.07)	(1,642.04)
- Reserves and surplus			
<b>Total</b>		<b>(1,752.57)</b>	<b>(1,456.54)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	2.8	1,008.55	834.82
- Borrowings			
<b>Total</b>		<b>1,008.55</b>	<b>834.82</b>
<b>Current liabilities</b>			
Financial liabilities	2.9	625.32	606.72
- Trade payables	2.10	131.36	413.29
- Other financial liabilities	2.11	100.31	106.95
Other current liabilities			
<b>TOTAL</b>		<b>856.99</b>	<b>1,126.96</b>
<b>Liabilities Total</b>		<b>112.97</b>	<b>505.24</b>

Significant Accounting Policies & Other Notes

Notes to the Balance Sheet

As per our report of even date

For S K RAM ASSOCIATES

Firm Registration No.2842S

Chartered Accountants

R. Balaji

Membership No.202916

Place: Chennai, India

Date : 31st May 2020

For and on behalf of the Board

M. Melita

Director

Mfm

1/2

R. Pradip

Director

mk

1/2




# Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )

## Audited Statement of Profit and loss account for Year ended 31st Mar 2020

(All amounts in JPY lakhs, unless otherwise stated)

	Notes	31 Mar 2020	31 Mar 2019
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	3.1	1,024.23	3,463.23
Other income	3.2	19.58	12.25
<b>Total revenue (I)</b>		<b>1,043.81</b>	<b>3,475.48</b>
<b>Expenses</b>			
Cost of Services	3.3	16.20	175.32
Employee benefit expenses	3.4	1,114.61	3,207.03
Other expenses	3.5	202.61	668.36
<b>Total (II)</b>		<b>1,333.42</b>	<b>4,050.72</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>(289.61)</b>	<b>(575.24)</b>
Depreciation and amortization expense	3.6	1.09	2.07
Finance costs (Net)	3.7	5.32	6.80
<b>Profit/(loss) before tax</b>		<b>(296.02)</b>	<b>(584.11)</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>(296.02)</b>	<b>(584.11)</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



Place: Chennai, India  
Date : 31st May 2020

For and on behalf of the Board

  
Director  
MFM  
2/12

  
Director  
MK  


**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**

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

**Cash Flow Statement for the period**

31 Mar 2020

31 Mar 2019

**Cash flows from operating activities**

Net profit / (loss) for the year before tax

(296.02)

(584.11)

**Adjustment for:**

Depreciation on fixed assets

1.09

2.07

Finance costs

5.32

6.80

Operating profit / (loss) before reinvestment of capital

(289.62)

(575.25)

(Increase)/Decrease in Trade receivables

176.74

395.63

(Increase)/Decrease in other current assets

1.12

-

(Increase)/Decrease in loans and advances

10.23

127.80

Increase/(Decrease) in trade and other payables

18.60

29.37

Increase/(Decrease) in other current liabilities

(288.58)

(438.99)

Cash generated from / (used in) operations

(371.50)

(461.42)

Tax (paid)

Net cash flows from operating activities

(371.50)

(461.42)

**Cash flows from investing activities:**

Acquisition of non current assets & CWIP

0.19

0.28

Net cash flows from/ (used in) investing activities

0.19

0.28

**Cash flows from financing activities:**

Finance costs

(5.32)

(6.80)

Loan Received

173.73

525.04

Net cash flows from/ (used in) financing activities

168.40

518.24

Net Increase/(decrease) in cash & cash equivalents

(202.90)

57.10

Cash & cash equivalents at the beginning of the year

217.14

160.04

Cash & Cash equivalents at end of the year

14.24

217.14

\$ 0.00

As per our report of even date

**For S K RAM ASSOCIATES**

**Firm Registration No.2842S**

**Chartered Accountants**

**R. Balaji**

**Membership No.202916**

Place: Chennai, India

Date : 31st May 2020

**For and on behalf of the Board**

*M. Mehta*

**Director**

*Mfm*

*3/12*

*P. Pradeep*

**Director**

*nmk*

*[Signature]*

**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**

	As at Mar 31, 2020	As at Mar 31, 2019
<b>2. Notes to the balance sheet for Financial year ended 31st Mar 2020</b>		
<i>(All amounts in JPY lakhs, unless otherwise stated)</i>		
<b>Assets</b>		
<b>2.1 Other financial assets</b>		
<b>Non Current</b>		
Rental deposit	29.03	34.52
Other loans and advances	0.00	4.74
	<u>29.03</u>	<u>39.26</u>
Less: Provision for Doubtful		
<b>Total</b>	<b><u>29.03</u></b>	<b><u>39.26</u></b>
<b>2.2 Other non-current assets</b>		
Balances with government authorities	0.00	0.00
Prepaid expenses		
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>2.3 Trade receivables</b>		
<b>Current</b>		
Considered good	61.40	238.14
Considered doubtful		
<b>Total</b>	<b><u>61.40</u></b>	<b><u>238.14</u></b>
<b>2.4 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.00	1.62
Balances with banks - current accounts	14.23	215.26
<b>Total</b>	<b><u>14.23</u></b>	<b><u>216.88</u></b>
<b>2.5 Other current assets</b>		
Unbilled revenue		
Balances with government authorities		
Prepaid expenses	8.31	9.43
<b>Total</b>	<b><u>8.31</u></b>	<b><u>9.43</u></b>
<b>2.6 Share capital</b>		
<b>Issued, Subscribed &amp; Paid up</b>		
371 (March 31,2018:371) equity shares of JPY 50,000 each	185.50	185.50
<b>2.7 Other Equity</b>		
Currency translation Reserve		
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>	79.05	79.05
<b>General reserve</b>		
Retained earnings	-1721.10	-1136.98
Profit /(Loss) For The Year	-296.02	-584.11
<b>Balance as at the end of the year</b>	<b>(2,017.12)</b>	<b>-1721.09</b>
<b>Total</b>	<b><u>(1,938.07)</u></b>	<b><u>(1,642.04)</u></b>

**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**

	As at Mar 31, 2020	As at Mar 31, 2019
<b>2. Notes to the balance sheet for Financial year ended 31st Mar 2020</b>		
<i>(All amounts in JPY lakhs, unless otherwise stated)</i>		
<b>2.8 Borrowings</b>		
Non-current		
Unsecured		
Loans and advances from related parties	1008.55	834.82
<b>Total</b>	<b>1,008.55</b>	<b>834.82</b>
<b>2.9 Trade payables</b>		
Dues other than MSMED	625.32	606.72
<b>Total</b>	<b>625.32</b>	<b>606.72</b>
<b>2.10 Other financial liabilities</b>		
Current maturities of finance lease obligations	20.00	20.00
Employee related payables	13.06	112.29
Other accrued liabilities	98.30	281.00
<b>Total</b>	<b>131.36</b>	<b>413.29</b>
<b>2.11 Other current liabilities</b>		
Others	15	
Statutory dues payable	85.31	106.95
<b>Total</b>	<b>100.31</b>	<b>106.95</b>



# Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )

31 Mar 2020 31 Mar 2019

## 3. Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 20

(All amounts in JPY lakhs, unless otherwise stated)

### 3.1 Revenue from operations

Sale of services	1,024.23	3,463.23
Revenue from operations (net)	1,024.23	3,463.23

### 3.2 Other income

Interest income on Bank deposits		
Other non-operating income	19.58	12.25
Liability no longer required written back		
Total	19.58	12.25

### 3.3 Cost of Services

Sub-contracting and outsourcing cost	16.20	175.32
	16.20	175.32

### 3.4 Employee benefits expense

Salaries, wages and bonus	892.17	2,807.48
Contribution to provident and other funds	221.02	394.64
Staff welfare expenses	1.42	4.91
Total	1,114.61	3,207.03



## Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )

31 Mar 2020 31 Mar 2019

### 3. Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 20

(All amounts in JPY lakhs, unless otherwise stated)

#### 3.5 Other expenses

Rent	45.49	66.21
Power and fuel	2.93	3.58
Repairs and maintenance		
Others	4.98	2.09
Insurance	0.44	0.68
Rates and taxes	6.68	23.75
Communication costs	3.95	18.67
Travelling and conveyance	49.04	240.01
Printing and stationery	1.57	10.84
Legal and professional fees	53.58	179.81
Advertising and sales promotion	3.33	31.40
Exchange differences (net)	25.79	-
Bad debts written off	-	32.99
Miscellaneous expenses	4.83	58.33
Total	202.61	668.36

#### 3.6 Depreciation and amortization expense

Depreciation of tangible assets	1.09	2.07
Total	1.09	2.07

#### 3.7 Finance costs

Bank charges & Commission	5.32	6.80
Total	5.32	6.80

**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**

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

**1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2020**

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

Inspirisys Solutions (FORMERLY Accel Japan), 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 ( Formerly Accel Frontline Limited, India) , 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 attributable to bringing the asset to its working condition for its intended use.

**1.3. Changes in equity:**

Particulars	Issued Capital/ Share application Money	Accumulated Profit/ (loss)	Total
Balance as on March 31, 2019	264	(1,721)	(1,457)
Profit/ (Loss) for the year ending Mar 31, 2019		(296)	(296)
Balance as on March 31, 2019	264	(2,017)	(1,753)

**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.

**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**  
*(All figures are in Japanese Yen lakhs, unless otherwise stated)*

**1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2020**

**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	Fellow Subsidiary

**KEY MANAGERIAL PERSONNEL:**

Shri. Malcolm F. Mehta	Director
Shri. Milind Kalurkar	Director
Shri. Masato Kikuchi	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	(101.13)	16.20 (81.68)
Sales	427.96 (2,324.01)	
Receivables	48.09 (162.33)	
Payables	773.95 (608.60)	859.92 (852.95)

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, 2020.

**1.9. Contingent Liabilities:**

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

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**Inspirisys Solutions Japan , Kabhushiki Kaisha ( Formerly Accel Japan K.K )**

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

**1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2020**

**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. 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**

**Place: Chennai, India**

**Date : 31st May 2020**

**For and on behalf of the Board**

**M. Melita.**

**Director**

**MFM**

**4/12**

**M. K.**

**Director**

**MK**

**4**