

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 31st 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 31st 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: 28425

Sd /-

R. Balaji
Membership Number: 202916
Place of Signature: Chennai
Date: 31st 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
Assets			
Non-current assets			
Property, plant and equipment		0.00	1.54
Financial assets			
- Other financial assets	2.1	29.03	39.26
Other non-current assets	2.2	0.00	0.00
Total		29.03	40.79
Current assets			
Financial assets			
- Trade receivables	2.3	61.40	238.14
- Cash and cash equivalents	2.4	14.23	216.88
Other current assets	2.5	8.31	9.43
Total		83.94	464.45
Assets Total		112.97	505.24
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	185.50	185.50
Other equity			
- Reserves and surplus	2.7	(1,938.07)	(1,642.04)
Total		(1,752.57)	(1,456.54)
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	2.8	1,008.55	834.82
Total		1,008.55	834.82
Current liabilities			
Financial liabilities			
- Trade payables	2.9	625.32	606.72
- Other financial liabilities	2.10	131.36	413.29
Other current liabilities	2.11	100.31	106.95
TOTAL		856.99	1,126.96
Liabilities Total		112.97	505.24

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

Sd/-

R.Balaji

Membership No.202916

For and on behalf of the Board

Sd/-

Director

Sd/-

Director

Place: Chennai, India

Date : 31st May 2020

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
Continuing operations			
Income			
Revenue from operations	3.1	1,024.23	3,463.23
Other income	3.2	19.58	12.25
Total revenue (I)		1,043.81	3,475.48
Expenses			
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
Total (II)		1,333.42	4,050.72
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(289.61)	(575.24)
Depreciation and amortization expense	3.6	1.09	2.07
Finance costs (Net)	3.7	5.32	6.80
Profit/(loss) before tax		(296.02)	(584.11)
Profit/(loss) for the year from continuing operations		(296.02)	(584.11)
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

For and on behalf of the Board

Sd/-

Sd/-

Sd/-

Director

Director

R.Balaji

Membership No.202916

Place: Chennai, India

Date : 31st May 2020

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

	As at Mar 31, 2020	As at Mar 31, 2019
2. Notes to the balance sheet for Financial year ended 31st Mar 2020		
<i>(All amounts in JPY lakhs, unless otherwise stated)</i>		
Assets		
2.1 Other financial assets		
Non Current		
Rental deposit	29.03	34.52
Other loans and advances	0.00	4.74
	29.03	39.26
Less: Provision for Doubtful		
Total	29.03	39.26
2.2 Other non-current assets		
Balances with government authorities	0.00	0.00
Prepaid expenses		
Total	-	-
2.3 Trade receivables		
Current		
Considered good	61.40	238.14
Considered doubtful		
Total	61.40	238.14
2.4 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.00	1.63
Balances with banks - current accounts	14.24	215.26
Total	14.24	216.88
2.5 Other current assets		
Unbilled revenue		
Balances with government authorities		
Prepaid expenses	8.31	9.43
Total	8.31	9.43
2.6 Share capital		
Issued, Subscribed & Paid up		
371 (March 31,2018:371) equity shares of JPY 50,000 each	185.50	185.50
2.7 Other Equity		
Currency translation Reserve		
Balance as at the beginning of the year		
Add : Reserve Credited during the year		
Add : Reserve Utilised during the year		
Balance as at the end of the year		
Securities premium reserve	79.05	79.05
General reserve		
Retained earnings	-1721.09	-1136.98
Profit /(Loss) For The Year	-296.02	-584.11
Balance as at the end of the year	(2,017.12)	-1721.09
Total	(1,938.07)	(1,642.04)

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

	As at Mar 31, 2020	As at Mar 31, 2019
2. Notes to the balance sheet for Financial year ended 31st Mar 2020		
<i>(All amounts in JPY lakhs, unless otherwise stated)</i>		
2.8 Borrowings		
Non-current		
Unsecured		
Loans and advances from related parties	1008.55	834.82
Total	1,008.55	834.82
2.9 Trade payables		
Dues other than MSMED	625.33	606.72
Total	625.33	606.72
2.10 Other financial liabilities		
Current maturities of finance lease obligations	20.00	20.00
Employee related payables	13.05	112.29
Other accrued liabilities	98.30	281.00
Total	131.36	413.29
2.11 Other current liabilities		
Others	15	
Statutory dues payable	85.31	106.95
Total	100.31	106.95

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	<u>19.58</u>	<u>12.25</u>

3.3 Cost of Services

Sub-contracting and outsourcing cost	16.20	175.32
	<u>16.20</u>	<u>175.32</u>

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	4.92
Total	<u>1,114.61</u>	<u>3,207.03</u>

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)	25.78	-
Bad debts written off	-	32.99
Miscellaneous expenses	4.83	58.33
Total	<u>202.61</u>	<u>668.36</u>

3.6 Depreciation and amortization expense

Depreciation of tangible assets	1.09	2.07
Total	<u>1.09</u>	<u>2.07</u>

3.7 Finance costs

Bank charges & Commission	5.32	6.80
Total	<u>5.32</u>	<u>6.80</u>