

## **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 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.

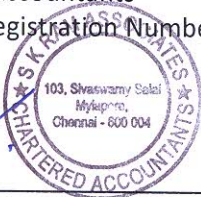

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or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

Audited Balance sheet as at 31st Mar 2020

(All amounts in USD lakhs, unless otherwise stated)

	Notes	As at Mar 31, 2020	As at Mar 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		0.02	0.05
<b>Financial assets</b>			
- Other financial assets	2.1	0.04	0.03
<b>Total</b>		<b>0.06</b>	<b>0.08</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Trade receivables	2.2	7.45	8.26
- Cash and cash equivalents	2.3	3.34	5.90
- Loans	2.4	13.39	11.11
Other current assets	2.5	2.60	3.92
<b>Total</b>		<b>26.78</b>	<b>29.19</b>
<b>Assets Total</b>		<b>26.84</b>	<b>29.27</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2.6	6.55	6.55
Other equity			
- Reserves and surplus	2.7	(31.85)	(27.23)
<b>Total</b>		<b>(25.30)</b>	<b>(20.68)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	2.8	9.75	9.75
<b>Total</b>		<b>9.75</b>	<b>9.75</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	2.9	0.00	0.17
- Trade payables	2.10	41.25	37.90
- Other financial liabilities	2.11	0.74	1.71
Other current liabilities	2.12	0.40	0.42
<b>TOTAL</b>		<b>42.39</b>	<b>40.20</b>
<b>Liabilities Total</b>		<b>26.84</b>	<b>29.27</b>

Significant Accounting Policies & Other Notes

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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

Place: Chennai, India

Date : 31st May 2020

For and on behalf of the Board



Director

Mfm

1/12



Director

MK





**Inspirisys Solutions North America Inc., ( Formerly Accel North America Inc., )**

**Audited Statement of Profit and loss account for Financial year ended 31st Mar 2020**

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

	Notes	31 Mar 2020	31 Mar 2019
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	3.1	42.59	48.37
Other income	3.2	0.17	0.06
<b>Total revenue (I)</b>		<b>42.76</b>	<b>48.43</b>
<b>Expenses</b>			
Cost of Services	3.3	14.76	17.31
Employee benefit expenses	3.4	27.05	26.37
Other expenses	3.5	4.96	6.96
<b>Total (II)</b>		<b>46.77</b>	<b>50.64</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>(4.01)</b>	<b>(2.21)</b>
Depreciation and amortization expense	3.6	0.03	0.06
Finance costs (Net)	3.7	0.58	0.56
<b>Profit/(loss) before tax</b>		<b>(4.62)</b>	<b>(2.83)</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>(4.62)</b>	<b>(2.83)</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**

*M. Mehta*

**Director**

*Mfm*

*2/12*

*P. Pradeep*

**Director**

*mk*

*GA*

**Inspirisys Solutions North America Inc., ( Formerly Accel North America Inc., )**  
(All amounts in US Dollars in Lakhs, unless otherwise stated)

**Cash Flow Statement for the year ended**

**31 Mar 2020**

**31 Mar 2019**

**Cash flows from operating activities**

Net profit / (loss) for the year before tax Adjustment for:	(4.62)	(2.83)
Financing costs	0.58	0.56
Depreciation on fixed assets	0.03	0.06

<b>Operating profit / (loss) before reinvestment of capital</b>	<b>(4.01)</b>	<b>(2.21)</b>
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(Increase)/Decrease in Trade receivables	0.80	(1.38)
(Increase)/Decrease in current assets	(0.96)	(2.17)
Increase/(Decrease) in trade and other payables	2.35	8.83

<b>Cash generated from / (used in) operations</b>	<b>(1.81)</b>	<b>3.07</b>
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**Cash flows from investing activities:**

Acquisition of non current assets & CWIP		0.09
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<b>Net cash flows from/ (used in) investing activities</b>	<b>-</b>	<b>0.09</b>
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**Cash flows from financing activities:**

Equity investment		
Borrowings	(0.17)	(0.10)
Financing costs	(0.58)	(0.56)

<b>Net cash flows from/ (used in) financing activities</b>	<b>(0.74)</b>	<b>(0.66)</b>
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<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(2.56)</b>	<b>2.50</b>
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Cash & cash equivalents at the beginning of the year	5.90	3.40
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<b>Cash &amp; Cash equivalents at end of the year</b>	<b>3.34</b>	<b>5.90</b>
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<i>As per our report of even date</i>	0.00	
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**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**

**Director**

		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 USD lakhs, unless otherwise stated)</i>			
<b>Assets</b>			
<b>2.1 Other financial assets</b>			
Non Current			
Rental deposit		0.04	0.03
Less: Provision for Doubtful			
<b>Total</b>		<b>0.04</b>	<b>0.03</b>
<b>2.2 Trade receivables</b>			
Current			
Considered good		7.45	8.26
Considered doubtful			
		7.45	8.26
Less:Provision for doubtful receivables			
<b>Total</b>		<b>7.45</b>	<b>8.26</b>
<b>2.3 Cash and bank balances</b>			
Cash and cash equivalents			
Balances with banks - current accounts		3.34	5.90
<b>Total</b>		<b>3.34</b>	<b>5.90</b>
<b>2.4 Loans</b>			
Long term			
Loans and advances to related parties (Also, refer note )			
Considered good		13.39	11.11
Considered doubtful			
<b>Total</b>		<b>13.39</b>	<b>11.11</b>
<b>2.5 Other current assets</b>			
Unbilled revenue		2.41	3.75
Prepaid expenses		0.14	0.13
Employee advances		0.05	0.04
<b>Total</b>		<b>2.60</b>	<b>3.92</b>

Inspirisys Solutions North America Inc., ( Formerly Accel North America Inc., )

	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 USD lakhs, unless otherwise stated)</i>		
<b>2.6 Share capital</b>		
Issued, Subscribed & Paid up		
655,000 (March 31,2019:655,000) equity shares of 1 USD each	6.55	6.55
<b>2.7 Other Equity</b>		
General reserve		
Retained earnings	(27.23)	(24.40)
Profit /(Loss) For The Year	(4.62)	(2.83)
Balance as at the end of the year	(31.85)	(27.23)
Total	(31.85)	(27.23)
<b>2.8 Borrowings</b>		
Non-current		
Unsecured		
Loans and advances from related parties	9.75	9.75
Total	9.75	9.75
<b>2.9 Current</b>		
Secured:		
-Cash credit	0.00	0.17
Total	0.00	0.17
<b>2.10 Trade payables</b>		
Dues other than MSMED	41.24	37.90
Total	41.24	37.90
<b>2.11 Other financial liabilities</b>		
Other accrued liabilities	0.74	1.71
Total	0.74	1.71
<b>2.12 Other current liabilities</b>		
Statutory dues payable	0.40	0.42
Total	0.40	0.42

31 Mar 2020 31 Mar 2019

**3 Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 2020**
*(All amounts in USD lakhs, unless otherwise stated)*
**3.1 Revenue from operations**

Sale of services

42.59 48.37

Revenue from operations (net)

42.59 48.37

**3.2 Other income**

Other non-operating income

0.17 0.06

Total

0.17 0.06

**3.3 Cost of Services**

Sub-contracting and outsourcing cost

14.76 17.31

14.76 17.31

**3.4 Employee benefits expense**

Salaries, wages and bonus

27.05 26.37

Total

27.05 26.37

**3.5 Other expenses**

Rent

0.44 0.47

Insurance

0.09 0.09

Rates and taxes

0.12 0.21

Communication costs

0.02 0.01

Travelling and conveyance

0.30 0.40

Legal and professional fees

3.31 5.24

Advertising and sales promotion

0.03 0.05

Bad debts written off

0.11

Miscellaneous expenses

0.65 0.38

Total

4.96 6.96

**3.6 Depreciation and amortization expense**

Depreciation of tangible assets

0.03 0.06

Total

0.03 0.06

**3.7 Finance costs**

Interest

0.58 0.56

Bank charges &amp; Commission

Total

0.58 0.56



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

1.1. Legal status and business activity:

Inspirisys Solutions North America Inc ( Formerly 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, 2020	March 31, 2019
Cash at Bank	3.34	5.90
	<u>3.34</u>	<u>5.90</u>

1.4. Trade receivables & Other Assets

Trade and Other receivables are stated at the amounts estimated to be realized.

	March 31, 2020	March 31, 2019
Trade Receivables	7.46	8.26
	<u>7.46</u>	<u>8.26</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 date.

Amount falling due within one year	March 31, 2020	March 31, 2019
Trade Payables	41.24	37.90
Other Current liabilities	1.14	2.14
	<u>42.39</u>	<u>40.04</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, 2018	6.55	(27.23)	(20.68)
Profit/(Loss) for the year ending Mar 31, 2019	-	(4.62)	(4.62)
Balance as on March 31, 2019	6.55	(31.85)	(25.30)

GP

#### 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

CAC Holdings Corporation, Tokyo, Japan  
Inspirisys Solutions Limited ( Formerly Accel Frontline Limited )  
Inspirisys Solutions Europe Ltd UK ( Formerly Accel Technologies Limited, UK)  
Inspirisys Solutions Japan Kabushiki Kaisha ( Formerly Accel Japan Kabushiki Kaisha )  
Network Programs Usa, Inc.

##### Nature of Relationship

Ultimate Holding Company  
Holding company  
Fellow Subsidiary  
Fellow Subsidiary  
Fellow Subsidiary

#### KEY MANAGERIAL PERSONNEL:

Mr. Malcolm F Mehta  
Mr. Milind Kalurkar  
Mr. Maqbool Hassan

Director  
Director  
Director

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

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary
Purchases		16.18	-
		(17.32)	-
Interest Paid	0.57		
	0.56		
Loans and Advances / Receivables		-	13.17
		-	(11.11)
Payables	0.16	41.03	-
	(0.16)	(37.67)	-
Loans Outstanding	9.75		
	(9.75)		

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 Malcolm F Mehta and Mr Milind Kalurkar are key persons and Directors of the the company Mr Malcolm F. Mehta is also the Chairman 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, 2020.

#### 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 expense, finance costs and tax expense

### 1.13. 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. B. Raji

Membership No. 202916

Place: Chennai, India

Date : 31st May 2020



For and on behalf of the Board

M. Mehta

Director

M. Mehta

4/12

D. S. Srinivasan

Director

M. K.

4/12