

INDEPENDENT AUDITOR'S REPORT

To the members of Inspirisys Solutions Japan KabhushikiKaishai, Japan

We have audited the attached Ind As financial statement of Inspirisys Solutions KabhushikiKaishai, Japan (hereinafter referred to as the "Company") which comprise the Balance Sheet as at 31st March 2021 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.

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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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 2021, 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: 05th May 2021



Inspirisys Solutions Japan , Kabhushiki Kaisha

Audited Balance sheet as at 31st Mar 2021

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	Notes	As at Mar 31, 2021	As at Mar 31, 2020
Assets			
Non-current assets			
Property, plant and equipment		0.00	0.00
Financial assets			
- Other financial assets	2.1	1.87	29.03
Other non-current assets	2.2	0.00	0.00
Total		1.87	29.03
Current assets			
Financial assets			
- Trade receivables	2.3	0.00	61.40
- Cash and cash equivalents	2.4	4.21	14.23
Other current assets	2.5	0.00	8.31
Total		4.21	83.94
Assets Total		6.08	112.97
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	185.50	185.50
Other equity			
- Reserves and surplus	2.7	(1,978.79)	(1,938.07)
Total		(1,793.29)	(1,752.57)
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	2.8	282.13	1,008.55
Total		282.13	1,008.55
Current liabilities			
Financial liabilities			
- Trade payables	2.9	640.32	625.32
- Other financial liabilities	2.10	876.93	131.36
Other current liabilities	2.11	-	100.31
TOTAL		1,517.25	856.99
Liabilities Total		6.08	112.97

Significant Accounting Policies & Other Notes

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Notes to the Balance Sheet

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As per our report of even date

For S K RAM ASSOCIATES

Firm Registration No.2842S

Chartered Accountants

103, Shreevani Estate
Mylapore,
Chennai - 600 004

R.Balaji

Membership No.202916

Place: Chennai, India

Date : 05th May 2021

For and on behalf of the Board

M. Mehta
Director

R. Subramanian
Director

Inspirisys Solutions Japan , Kabhushiki Kaisha

Audited Statement of Profit and loss account for Year ended 31st Mar 2021

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31-03-2021	For the year ended 31-03-2020
Continuing operations			
Income			
Revenue from operations	3.1	-	1,024.23
Other income	3.2	(10.59)	19.58
Total revenue (I)		(10.59)	1,043.81
Expenses			
Cost of Services	3.3	-	16.20
Employee benefit expenses	3.4	0.11	1,114.61
Other expenses	3.5	24.72	202.61
Total (II)		24.82	1,333.42
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(35.41)	(289.61)
Depreciation and amortization expense	3.6	-	1.09
Finance costs (Net)	3.7	5.31	5.32
Profit/(loss) before tax		(40.72)	(296.02)
Profit/(loss) for the year from continuing operations		(40.72)	(296.02)
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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 : 05th May 2021

For and on behalf of the Board


Director
Director

Cash Flow Statement for the period

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

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
Cash flows from operating activities		
Net profit / (loss) for the year before tax	(40.72)	(296.02)
<i>Adjustment for:</i>		
Depreciation on fixed assets	-	1.09
Finance costs	5.31	5.32
Operating profit / (loss) before reinvestment of capital	(35.42)	(289.62)
(Increase)/Decrease in Trade receivables	61.40	176.74
(Increase)/Decrease in other current assets	8.31	1.12
(Increase)/Decrease in loans and advances	27.15	10.23
Increase/(Decrease) in trade and other payables	15.01	18.60
Increase/(Decrease) in other current liabilities	645.25	(288.58)
Cash generated from / (used in) operations	721.69	(371.50)
Tax (paid)		
Net cash flows from operating activities	721.69	(371.50)
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	-	0.19
Net cash flows from/ (used in) investing activities	-	0.19
Cash flows from financing activities:		
Finance costs	(5.31)	(5.32)
Loan Received	(726.42)	173.73
Net cash flows from/ (used in) financing activities	(731.73)	168.40
Net Increase/(decrease) in cash & cash equivalents	(10.03)	(202.90)
Cash & cash equivalents at the beginning of the year	14.23	217.14
Cash & Cash equivalents at end of the year	4.21	14.23
\$	(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 : 05th May 2021

For and on behalf of the Board

M. Mehta
Director

P. Srinivas
Director

Inspirisys Solutions Japan , Kabhushiki Kaisha

2. Notes to the balance sheet for Financial year ended 31st Mar 2021

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Assets		
2.1 Other financial assets		
Non Current		
Rental deposit	0.00	29.03
Other loans and advances	1.87	0.00
	<u>1.87</u>	<u>29.03</u>
Less: Provision for Doubtful		
Total	<u>1.87</u>	<u>29.03</u>
2.2 Other non-current assets		
Balances with government authorities	0.00	0.00
Prepaid expenses		
Total	<u>-</u>	<u>-</u>
2.3 Trade receivables		
Current		
Considered good	0.00	61.40
Considered doubtful		
Total	<u>-</u>	<u>61.40</u>
2.4 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.00	0.00
Balances with banks - current accounts	4.21	14.23
Total	<u>4.21</u>	<u>14.23</u>
2.5 Other current assets		
Unbilled revenue		
Balances with government authorities		
Prepaid expenses	0.00	8.31
Total	<u>-</u>	<u>8.31</u>
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	79.05	79.05
Securities premium reserve		
General reserve		
Retained earnings	-2017.12	-1721.10
Profit/(Loss) For The Year	-40.72	-296.02
Balance as at the end of the year	(2,057.85)	-2017.12
Total	<u>(1,978.79)</u>	<u>(1,938.07)</u>

Inspirisys Solutions Japan , Kabhushiki Kaisha

2. Notes to the balance sheet for Financial year ended 31st Mar 2021

(All amounts in JPY lakhs, unless otherwise stated)

2.8 Borrowings

Non-current

Unsecured

Loans and advances from related parties

Total

282.13	1008.55
282.13	1,008.55

2.9 Trade payables

Dues other than MSMED

Total

640.32	625.32
640.32	625.32

2.10 Other financial liabilities

Current maturities of finance lease obligations

Employee related payables

Other accrued liabilities

Total

862.00	20.00
14.93	13.06
0.00	98.30
876.93	131.36

2.11 Other current liabilities

Others

Statutory dues payable

Total

0	15
-	85.31
-	100.31

Inspirisys Solutions Japan , Kabhushiki Kaisha

3. Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 21

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
3.1 Revenue from operations		
Sale of services	-	1,024.23
Revenue from operations (net)	-	1,024.23
3.2 Other income		
Interest income on Bank deposits		
Exchange differences (net)	-21.45	-
Other non-operating income	10.86	19.58
Total	-10.59	19.58
3.3 Cost of Services		
Sub-contracting and outsourcing cost	-	16.20
	-	16.20
3.4 Employee benefits expense		
Salaries, wages and bonus	-	892.17
Contribution to provident and other funds	0.11	221.02
Staff welfare expenses	-	1.42
Total	0.11	1,114.61

Inspirisys Solutions Japan , Kabhushiki Kaisha

3. Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 21

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
3.5 Other expenses		
Rent	8.17	45.49
Power and fuel	0.08	2.93
Repairs and maintenance		
Others	-	4.98
Insurance	0.02	0.44
Rates and taxes	-	6.68
Communication costs	0.56	3.95
Travelling and conveyance	-	49.04
Printing and stationery	-	1.57
Legal and professional fees	3.21	53.58
Advertising and sales promotion	-	3.33
Exchange differences (net)	-	25.79
Miscellaneous expenses	12.68	4.83
Total	24.72	202.61
3.6 Depreciation and amortization expense		
Depreciation of tangible assets	-	1.09
Total	-	1.09
3.7 Finance costs		
Bank charges & Commission	5.31	5.32
Total	5.31	5.32

Inspirisys Solutions Japan , Kabhushiki Kaisha

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2021

(All figures are in Japanese Yen lakhs, 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 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, 2020	265	(2,017)	(1,753)
Profit/(Loss) for the year ending Mar 31, 2021		(41)	(41)
Balance as on March 31, 2021	265	(2,058)	(1,793)

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

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2021

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:

Shri. Malcolm F. Mehta	Director
Shri. Milind Kalurkar	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)	(81.68)
Sales	(427.96)	
Receivables	(48.09)	
Payables	868.06 (773.95)	869.14 (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, 2021

1.9. Contingent Liabilities:

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

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2021

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



For and on behalf of the Board



Director



Director

Place: Chennai, India

Date : 05th May 2021