

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 2022 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 2022, 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

UDIN: 22202916AINNKU4333

Place of Signature: Chennai

Date: 6th May 2022

Inspirisys Solutions Japan , Kabhushiki Kaisha

Audited Balance sheet as at 31st Mar'22

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	Notes	As at Mar 31, 2022	As at Mar 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment		0.00	0.00
Financial assets			
- Other financial assets	2.1	0.00	1.87
Total		0.00	1.87
Current assets			
Financial assets			
- Cash and cash equivalents	2.2	4.21	4.21
Total		4.21	4.21
Assets Total		4.21	6.08
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.3	185.50	185.50
Other equity			
- Reserves and surplus	2.4	(2,078.37)	(1,978.79)
Total		(1,892.87)	(1,793.29)
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	2.5	303.82	282.12
Total		303.82	282.12
Current liabilities			
Financial liabilities			
- Trade payables	2.6	704.69	640.32
- Other financial liabilities	2.7	888.57	876.93
TOTAL		1,593.26	1,517.25
Liabilities Total		4.21	6.08

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 : 6th May 22

Inspirisys Solutions Japan , Kabhushiki Kaisha

Audited Statement of Profit and loss account for Financial year ended 31st Mar 2022

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31 Mar 2022	For the year ended 31 Mar 2021
Continuing operations			
Income			
Revenue from operations		-	-
Other income	3.1	-	10.86
Total revenue (I)		-	10.86
Expenses			
Employee benefit expenses	3.2	-	0.11
Other expenses	3.3	94.00	46.17
Total (II)		94.00	46.28
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(94.00)	(35.42)
Depreciation and amortization expense		-	-
Finance costs (Net)	3.4	5.58	5.31
Profit/(loss) before tax		(99.58)	(40.73)
Profit/(loss) for the year from continuing operations		(99.58)	(40.73)

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 : 6th May 22

Inspirisys Solutions Japan , Kabhushiki Kaisha

Cash Flow Statement for the period

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

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
Cash flows from operating activities		
Net profit / (loss) for the year before tax	(99.58)	(40.72)
Adjustment for:		
Depreciation on fixed assets	-	-
Finance costs	5.58	5.31
Operating profit / (loss) before reinvestment of capital	(94.00)	(35.42)
(Increase)/Decrease in Trade receivables	-	61.40
(Increase)/Decrease in other current assets	-	8.31
(Increase)/Decrease in loans and advances	1.87	27.15
Increase/(Decrease) in trade and other payables	64.37	15.01
Increase/(Decrease) in other current liabilities	11.65	645.25
Cash generated from / (used in) operations	(16.10)	721.69
Tax (paid)		
Net cash flows from operating activities	(16.10)	721.69
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	-	-
Net cash flows from/ (used in) investing activities	-	-
Cash flows from financing activities:		
Finance costs	(5.58)	(5.31)
Loan Received	21.69	(726.42)
Net cash flows from/ (used in) financing activities	16.11	(731.73)
Net Increase/(decrease) in cash & cash equivalents	0.00	(10.03)
Cash & cash equivalents at the beginning of the year	4.21	14.23
Cash & Cash equivalents at end of the year	4.21	4.21

As per our report of even date

For S K RAM ASSOCIATES

Firm Registration No.2842S

Chartered Accountants

Sd/-

R.Balaji

Membership No.202916

Place: Chennai, India

Date : 6th May 22

For and on behalf of the Board

Sd/-

Director

Sd/-

Director

Inspirisys Solutions Japan , Kabhushiki Kaisha

2. Notes to the balance sheet for Financial year ended 31st Mar 2022

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
Assets		
2.1 Other financial assets		
Non Current		
Rental deposit	0.00	0.00
Other loans and advances	0.00	1.87
	0.00	1.87
Less: Provision for Doubtful		
Total	-	1.87
2.2 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.00	0.00
Balances with banks - current accounts	4.21	4.21
Total	4.21	4.21
2.3 Share capital		
Issued, Subscribed & Paid up		
371 (March 31,2018:371) equity shares of JPY 50,000 each	185.50	185.50
2.4 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	-2057.85	-2017.12
Profit /(Loss) For The Year	-99.58	-40.72
Balance as at the end of the year	(2,157.42)	(2,057.85)
Total	(2,078.37)	(1,978.79)
2.5 Borrowings		
Non-current		
Unsecured		
Loans and advances from related parties	1177.47	282.12
Less: Current maturities of long-term borrowings	-873.65	
Total	303.82	282.12
2.6 Trade payables		
Dues other than MSMED	704.69	640.32
Total	704.69	640.32

Inspirisys Solutions Japan , Kabhushiki Kaisha

2. Notes to the balance sheet for Financial year ended 31st Mar 2022

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
2.7 Other financial liabilities		
Current maturities of finance lease obligations	873.65	862.00
Employee related payables	14.93	14.93
Other accrued liabilities	0.00	0.00
Total	888.57	876.93
2.11 Other current liabilities		
Others	0	0
Statutory dues payable	0	-
Total	-	-

Inspirisys Solutions Japan , Kabhushiki Kaisha

3. Notes to the Statement of Profit and Loss account for Financial year ended 31st Mar 2022

(All amounts in JPY lakhs, unless otherwise stated)

Particulars	For the year ended 31 Mar 2022	For the year ended 31 Mar 2021
3.1 Other income		
Other non-operating income	-	10.86
Total	-	10.86
3.2 Employee benefits expense		
Salaries, wages and bonus	-	-
Contribution to provident and other funds	-	0.11
Staff welfare expenses	-	-
Total	-	0.11
3.3 Other expenses		
Rent	-	8.17
Power and fuel	-	0.08
Insurance	-	0.02
Communication costs	-	0.56
Legal and professional fees	-	3.21
Advertising and sales promotion	-	-
Exchange differences (net)	92.13	21.45
Bad debts written off	1.87	-
Miscellaneous expenses	-	12.68
Total	94.00	46.17
3.4 Finance costs		
Bank charges & Commission	5.58	5.31
Total	5.58	5.31

Inspirisys Solutions Japan , Kabhushiki Kaisha

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2022

(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

1.3. Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2021	265	(2,058)	(1,793)
Profit/(Loss) for the year ending Mar 31, 2022		(100)	(100)
Balance as on March 31, 2022	265	(2,157)	(1,893)

0.00

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.

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	-	-
Sales		
Receivables		
Payables	873.65	869.15
	(868.06)	(869.14)

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, 2022

1.9. Contingent Liabilities:

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

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

Sd/-

R.Balaji

Membership No.202916

Place: Chennai, India

Date : 6th May 22

For and on behalf of the Board

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Director

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