

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 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.

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

■ Phone : (91) (44) 24993637
(91) (44) 24991644

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



R. Balaji

Membership Number: ~~502916~~ 202916

UDIN: 22202916AINNBL1276

Place of Signature: Chennai

Date: 6th May 2022

Inspirys Solutions North America Inc.,

Audited Balance sheet as at 31st Mar'22

(All amounts in USD lakhs, unless otherwise stated)

Particulars	Notes	As at Mar 31, 2022	As at Mar 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment		0.01	0.01
Financial assets			
- Other financial assets	2.1	0.03	0.03
Total		0.04	0.04
Current assets			
Financial assets			
- Trade receivables	2.2	6.77	7.25
- Cash and cash equivalents	2.3	6.36	1.79
- Loans	2.4	25.20	13.99
Other current assets	2.5	3.71	3.18
Total		42.04	26.21
Assets Total		42.08	26.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	6.55	6.55
Other equity			
- Reserves and surplus	2.7	(33.89)	(35.56)
Total		(27.34)	(29.01)
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	2.8	3.25	6.50
Total		3.25	6.50
Current liabilities			
Financial liabilities			
- Trade payables	2.9	48.13	43.67
- Other financial liabilities	2.10	17.70	4.64
Other current liabilities	2.11	0.34	0.45
TOTAL		66.17	48.76
Liabilities Total		42.08	26.25

Significant Accounting Policies & Other Notes

1

Notes to the Balance Sheet

2

As per our report of even date

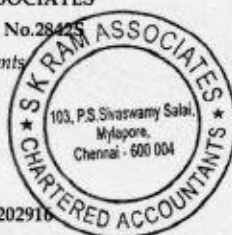
For S K RAM ASSOCIATES

Firm Registration No. 28425

Chartered Accountants

R. Balaji
R. Balaji

Membership No. 202916



For and on behalf of the Board

M. Mehta
Director

P. S. Sivaswamy
Director

Place: Chennai, India

Date: 6th May 22

Inspirisys Solutions North America Inc.,

Cash Flow Statement for the year ended

(All amounts in US Dollars 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 Adjustment for:	1.67	(3.71)
Financing costs	0.42	0.38
Depreciation on fixed assets	-	0.02
Operating profit / (loss) before reinvestment of capital	2.09	(3.31)
(Increase)/Decrease in Trade receivables	0.49	0.21
(Increase)/Decrease in P&L debit balance	-	-
(Increase)/Decrease in current assets	(11.75)	(1.18)
Increase/(Decrease) in trade and other payables	17.40	3.11
Cash generated from / (used in) operations	8.23	(1.17)
Tax (paid)	-	-
Net cash flows from operating activities	8.23	(1.17)
Cash flows from investing activities:		
Acquisition of non current assets & CWIP		
Net cash flows from / (used in) investing activities	-	-
Cash flows from financing activities:		
Equity investment		
Borrowings	(3.25)	(0.00)
Financing costs	(0.42)	(0.38)
Net cash flows from / (used in) financing activities	(3.67)	(0.38)
Net Increase/(decrease) in cash & cash equivalents	4.56	(1.55)
Cash & cash equivalents at the beginning of the year	1.79	3.34
Cash & Cash equivalents at end of the year	6.36	1.79

As per our report of even date

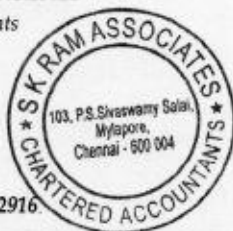
For S K RAM ASSOCIATES

Firm Registration No.2842S



Chartered Accountants


R. Balaji

Membership No.202916



For and on behalf of the Board

 
Director Director

Place: Chennai, India

Date : 6th May 22

Inspirisys Solutions North America Inc.,

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

(All amounts in USD 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	0.03	0.03
Less: Provision for Doubtful		
Total	0.03	0.03
2.2 Trade receivables		
Current		
Considered good	6.77	7.25
Considered doubtful		
Less: Provision for doubtful receivables	6.77	7.25
Total	6.77	7.25
2.3 Cash and bank balances		
Cash and cash equivalents		
Balances with banks - current accounts	6.36	1.79
Total	6.36	1.79
2.4 Loans		
Long term		
Loans and advances to related parties (Also, refer note)		
Considered good	25.20	13.99
Considered doubtful		
Total	25.20	13.99
2.5 Other current assets		
Unbilled revenue	3.58	3.09
Prepaid expenses	0.13	0.09
Employee advances	-	-
Total	3.71	3.18

Inspirisys Solutions North America Inc.,

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

(All amounts in USD lakhs, unless otherwise stated)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
2.6 Share capital		
Issued, Subscribed & Paid up		
655,000 (March 31, 2020:655,000) equity shares of 1 USD each	6.55	6.55
2.7 Other Equity		
General reserve		
Retained earnings	(35.56)	(31.85)
Profit /(Loss) For The Year	1.67	(3.71)
Balance as at the end of the year	(33.89)	(35.56)
Total	(33.89)	(35.56)
2.8 Borrowings		
Non-current		
Unsecured		
Loans and advances from related parties	19.25	6.50
Less: Current maturities of long-term borrowings	(16.00)	
Total	3.25	6.50
2.90 Trade payables		
Dues other than MSMED	48.13	43.67
Total	48.13	43.67
2.10 Other financial liabilities		
Current maturities of finance lease obligations	16.00	3.25
Other accrued liabilities	1.70	1.39
Total	17.70	4.64
2.11 Other current liabilities		
Unearned service revenue	0.13	-
Statutory dues payable	0.21	0.45
Total	0.34	0.45

Inspirisys Solutions North America Inc.,

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

(All amounts in USD lakhs, unless otherwise stated)

Particulars	For the year ended 31 Mar 2022	For the year ended 31 Mar 2021
3.1 Revenue from operations		
Sale of services	37.43	29.15
Revenue from operations (net)	37.43	29.15
 3.2 Other income		
Other non-operating income	3.16	3.12
Total	3.16	3.12
 3.3 Cost of Services		
Sub-contracting and outsourcing cost	14.36	6.11
Total	14.36	6.11
 3.4 Employee benefits expense		
Salaries, wages and bonus	21.05	24.61
Total	21.05	24.61
 3.5 Other expenses		
Rent	0.25	0.49
Insurance	0.09	0.09
Rates and taxes	0.58	0.63
Communication costs	0.00	0.01
Travelling and conveyance	0.17	0.08
Legal and professional fees	1.66	2.47
Advertising and sales promotion	0.00	0.06
Bad debts written off	-	0.32
Miscellaneous expenses	0.33	0.70
Total	3.09	4.86
 3.6 Depreciation and amortization expense		
Depreciation of tangible assets	-	0.02
Total	-	0.02
 3.7 Finance costs		
Interest	0.42	0.38
Bank charges & Commission	-	-
Total	0.42	0.38

Inspirisys Solutions North America Inc.,

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

(All amounts in USD lakhs, unless otherwise stated)

1.1. Legal status and business activity:

Inspirisys Solutions 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, 2022	March 31, 2021
Cash at Bank	6.36	1.79
	<u>6.36</u>	<u>1.79</u>

1.4. Trade receivables & Other Assets

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

	March 31, 2022	March 31, 2021
Trade Receivables	6.77	7.25
	<u>6.77</u>	<u>7.25</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 Amount falling due within one year

	March 31, 2022	March 31, 2021
Trade Payables	48.13	43.67
Other Current liabilities	18.04	5.09
	<u>66.17</u>	<u>48.76</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, 2021	6.55	(35.56)	(29.01)
Profit/(Loss) for the year ending Mar 31, 2022	-	1.67	1.67
Balance as on March 31, 2022	<u>6.55</u>	<u>(33.89)</u>	<u>(27.34)</u>

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	Nature of Relationship
CAC Holdings Corporation, Tokyo, Japan	Ultimate Holding Company
Inspirsys Solutions Limited	Holding company
Inspirsys Solutions Europe Ltd UK	Fellow Subsidiary
Inspirsys Solutions Japan Kabushiki Kaisha	Fellow Subsidiary
Inspirsys Solutions DMCC	Fellow Subsidiary
Network Programs Usa, Inc.	Fellow Subsidiary

Directors of the company

Mr. Malcolm F Mehta	Director
Mr. Milind Kalurkar	Whole time Director
Mr. Maqbool Hassan	Director
Mr. David Kumar	Director

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

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel
Sale of Services/Marketing Support Fees		2.79	-	
		(2.77)	-	
Interest Earned (ISDMCC)			0.37	
			(0.17)	
Purchases		13.86	-	
		(6.56)	-	
Interest Paid	0.42			
	(0.38)			
Loans and Advances / Receivables	0.01	0.19	24.44	
	-	(0.18)	(13.60)	
Payables	0.18	47.86	-	
	(0.10)	(44.41)	-	
Loans Outstanding	19.25			
	9.75			
Payment of Salaries (Mr. Milind Kalurkar)				1.26
				(1.31)

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, 2022.

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

1.13. Taxation:

Taxes on profits have not been computed on account of brought forward losses.

1.14. 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

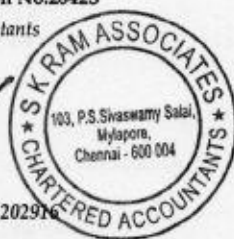
For S K RAM ASSOCIATES

Firm Registration No.2842S

Chartered Accountants


R. Balaji

Membership No.202916




Place: Chennai, India

Date : 6th May 22

For and on behalf of the Board


Director


Director