

INDEPENDENT AUDITOR'S REPORT

To the members of Inspirisys Solutions North America Inc (Formerly Accel North America Inc)

We have audited the attached Ind AS financial statements of Inspirisys Solutions North America Inc (Formerly Accel North America Inc) (hereinafter referred to as the company") which comprise the Balance Sheet as at 31st March 2019 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 IndAs 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 view 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 judgement, 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 in 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 *
E-Mail: skram@md3.vsnl.net.in

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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, 2019, 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: 3rd May 2019.

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

Audited Balance sheet as at 31st Mar 2019

(All amounts in USD lakhs, unless otherwise stated)

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------|-------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 0.05 | 0.03 |
| Financial assets | | | 0.03 |
| - Other financial assets | 2.1 | 0.03 | 0.03 |
| Total | | 0.08 | 0.06 |
| Current assets | | | |
| Financial assets | | | 6.87 |
| - Trade receivables | 2.2 | 8.26 | 3.40 |
| - Cash and cash equivalents | 2.3 | 5.90 | 8.91 |
| - Loans | 2.4 | 11.11 | 3.94 |
| - Other current assets | 2.5 | 3.92 | |
| Total | | 29.19 | 23.12 |
| Assets Total | | 29.27 | 23.18 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 2.6 | 6.55 | 6.55 |
| Other equity | | | (24.40) |
| - Reserves and surplus | 2.7 | (27.23) | (17.85) |
| Total | | (20.68) | (17.85) |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | 3.25 |
| - Borrowings | 2.8 | 9.75 | |
| Total | | 9.75 | 3.25 |
| Current liabilities | | | |
| Financial liabilities | | | 6.57 |
| - Borrowings | 2.9 | 0.17 | 28.96 |
| - Trade payables | 2.10 | 37.90 | 1.68 |
| - Other financial liabilities | 2.11 | 1.72 | 0.57 |
| - Other current liabilities | 2.12 | 0.42 | |
| TOTAL | | 40.21 | 37.78 |
| Liabilities Total | | 29.27 | 23.18 |

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

Membership No. 202916

Place: Chennai, India

Date : 3rd May 2019

For and on behalf of the Board

M. Mehta.
Director

P. Prabhakar.
Director

Inspirsys Solutions North America Inc (Formerly Accel North America Inc)

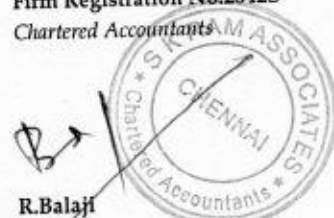
Audited Statement of Profit and loss account for the year ended 31st Mar 2019

(All amounts in USD lakhs, unless otherwise stated)

| | Notes | Year ended Maarch 31, 2019 | Year ended Maarch 31, 2018 |
|---|-------|-------------------------------|-------------------------------|
| Continuing operations | | | |
| Income | | | |
| Revenue from operations | 3.1 | 48.37 | 46.94 |
| Other income | 3.2 | 0.06 | - |
| Total revenue (I) | | 48.43 | 46.94 |
| Expenses | | | |
| Purchase of traded goods | 3.3 | - | - |
| Cost of Services | 3.4 | 17.31 | 19.99 |
| Employee benefit expenses | 3.5 | 26.37 | 26.84 |
| Other expenses | 3.6 | 6.96 | 5.44 |
| Total (II) | | 50.64 | 52.27 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II) | | (2.21) | (5.33) |
| Depreciation and amortization expense | 3.7 | 0.06 | 0.01 |
| Finance costs (Net) | 3.8 | 0.56 | 0.70 |
| Profit/(loss) before tax | | (2.83) | (6.04) |
| Profit/(loss) for the year from continuing operations | | (2.83) | (6.04) |
| 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 : 3rd May 2019

For and on behalf of the Board

M Mehta
Director

R. Balaji
Director

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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. 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. Balaji
Membership No.202916

Place: Chennai, India
Date : 3rd May 2019



For and on behalf of the Board


Director


Director



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 period | Year ended Maarch 31, 2019 | Year ended Maarch 31, 2018 |
|---|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Net profit / (loss) for the year before tax Adjustment for: | (2.83) | (6.04) |
| Financing costs | 0.56 | 0.70 |
| Depreciation on fixed assets | 0.06 | 0.01 |
| Operating profit / (loss) before reinvestment of capital | (2.21) | (5.33) |
| (Increase)/Decrease in Trade receivables | (1.38) | 1.63 |
| (Increase)/Decrease in current assets | (2.17) | (2.91) |
| Increase/(Decrease) in trade and other payables | 8.83 | 9.49 |
| Cash generated from / (used in) operations | 3.07 | 2.88 |
| Cash flows from investing activities: | | |
| Acquisition of non current assets & CWIP | 0.09 | (0.04) |
| Net cash flows from/ (used in) investing activities | 0.09 | (0.04) |
| Cash flows from financing activities: | | |
| Equity investment | (0.10) | (6.29) |
| Borrowings | (0.56) | (0.70) |
| Financing costs | (0.66) | (6.99) |
| Net cash flows from/ (used in) financing activities | (0.66) | (6.99) |
| Net Increase/(decrease) in cash & cash equivalents | 2.50 | (4.15) |
| Cash & cash equivalents at the beginning of the year | 3.40 | 7.55 |
| Cash & Cash equivalents at end of the year | 5.90 | 3.40 |
| <i>As per our report of even date</i> | 0.00 | |

For S K RAM ASSOCIATES
 Firm Registration No.2842S
 Chartered Accountants

R. Balaji
 Membership No. 202916



Place: Chennai, India
 Date : 3rd May 2019

For and on behalf of the Board

M. Mehta
 Director

P. Prabhakar
 Director

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

As at March 31, 2019 As at March 31, 2018

2. Notes to the balance sheet

(All amounts in USD lakhs, unless otherwise stated)

Assets

2.1 Other financial assets

Non Current

Rental deposit

Total

0.03

0.03

0.03

0.03

2.2 Trade receivables

Current

Considered good

Considered doubtful

Less: Provision for doubtful receivables

Total

8.26

6.87

8.26

6.87

8.26

6.87

2.3 Cash and bank balances

Cash and cash equivalents

Balances with banks - current accounts

Total

5.90

3.40

5.90

3.40

2.4 Loans

Long term

Loans and advances to related parties (Also, refer note xx)

Considered good

Total

11.11

8.91

11.11

8.91

2.5 Other current assets

Unbilled revenue

Prepaid expenses

Employee advances

Total

3.75

3.84

0.13

0.04

0.04

0.06

3.92

3.94

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

| | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| 2. Notes to the balance sheet | | |
| <i>(All amounts in USD lakhs, unless otherwise stated)</i> | | |
| 2.6 Share capital | | |
| Issued, Subscribed & Paid up | 6.55 | 6.55 |
| 655,000 (March 31,2018:655,000) equity shares of 1 USD each | | |
| 2.7 Other Equity | | |
| General reserve | (24.40) | (18.36) |
| Retained earnings | (2.83) | (6.04) |
| Profit /(Loss) For The Year | (27.23) | (24.40) |
| Balance as at the end of the year | (27.23) | (24.40) |
| Total | | |
| 2.8 Borrowings | | |
| Non-current | | |
| Unsecured | 9.75 | 3.25 |
| Loans and advances from related parties | | |
| Total | 9.75 | 3.25 |
| 2.9 Current | | |
| Secured: | | |
| -Cash credit | 0.17 | 0.07 |
| -Term Loans from related party | | 6.50 |
| Total | 0.17 | 6.57 |
| 2.10 Trade payables | | |
| Dues other than MSMED | 37.90 | 28.96 |
| Total | 37.90 | 28.96 |
| 2.11 Other financial liabilities | | |
| Other accrued liabilities | 1.72 | 1.68 |
| Total | 1.72 | 1.68 |
| 2.12 Other current liabilities | | |
| Statutory dues payable | 0.42 | 0.57 |
| Total | 0.42 | 0.57 |

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

Year ended
Maarch 31, 2019

Year ended
Maarch 31, 2018

3. Notes to the Statement of Profit and Loss account for the year ended
(All amounts in USD lakhs, unless otherwise stated)

3.1 Revenue from operations

| | | | |
|-------------------------------|--|-------|-------|
| Revenue from operations | | 48.37 | 46.94 |
| Sale of services | | 48.37 | 46.94 |
| Revenue from operations (net) | | | |

3.2 Other income

| | | | |
|----------------------------|--|------|---|
| Other non-operating income | | 0.06 | - |
| Total | | 0.06 | - |

3.3 Cost of Services

| | | | |
|--------------------------------------|--|-------|-------|
| Sub-contracting and outsourcing cost | | 17.31 | 19.99 |
| Total | | 17.31 | 19.99 |

3.4 Employee benefits expense

| | | | |
|---------------------------|--|-------|-------|
| Salaries, wages and bonus | | 26.37 | 26.84 |
| Total | | 26.37 | 26.84 |

3.5 Other expenses

| | | | |
|---------------------------------|--|------|------|
| Rent | | 0.47 | 0.87 |
| Insurance | | 0.09 | 0.06 |
| Rates and taxes | | 0.21 | 0.21 |
| Communication costs | | 0.01 | 0.05 |
| Travelling and conveyance | | 0.40 | 0.41 |
| Freight and forwarding | | 0.00 | 0.01 |
| Legal and professional fees | | 5.24 | 3.53 |
| Advertising and sales promotion | | 0.05 | 0.11 |
| Bad debts written off | | 0.11 | 0.00 |
| Miscellaneous expenses | | 0.38 | 0.19 |
| Total | | 6.96 | 5.44 |

3.6 Depreciation and amortization expense

| | | | |
|---------------------------------|--|------|------|
| Depreciation of tangible assets | | 0.06 | 0.01 |
| Total | | 0.06 | 0.01 |

3.7 Finance costs

| | | | |
|---------------------------|--|------|------|
| Interest | | 0.56 | 0.64 |
| Bank charges & Commission | | | 0.06 |
| Total | | 0.56 | 0.70 |

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Inspirisys Solutions North America Inc (Formerly Accel North America Inc)
 (All amounts in USD lakhs, unless otherwise stated)

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2018

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, 2019 | March 31, 2018 |
|--------------|----------------|----------------|
| Cash at Bank | 5.90 | 3.40 |
| | <u>5.90</u> | <u>3.40</u> |

1.4. Trade receivables & Other Assets

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

| | March 31, 2019 | March 31, 2018 |
|-------------------|----------------|----------------|
| Trade Receivables | 8.26 | 6.87 |
| | <u>8.26</u> | <u>6.87</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

| Amount falling due within one year | March 31, 2019 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Trade Payables | 37.90 | 28.96 |
| Other Current liabilities | 2.14 | 2.25 |
| | <u>40.04</u> | <u>31.21</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 | (24.40) | (17.85) |
| Profit/(Loss) for the year ending Mar 31, 2019 | - | (2.83) | (2.83) |
| Balance as on March 31, 2019 | <u>6.55</u> | <u>(27.23)</u> | <u>(20.68)</u> |

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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
Inspirsys Solutions Limited (Formerly Accel Frontline Limited)
Inspirsys Solutions Europe Ltd UK (Formerly Accel Technologies Limited, UK)
Inspirsys 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 Director
Mr. Milind Kalurkar Director
Mr. Maqbool Hassan Director

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

| <u>Particulars</u> | <u>Ultimate Holding Company</u> | <u>Holding Company</u> | <u>Fellow Subsidiary</u> |
|----------------------------------|---------------------------------|------------------------|--------------------------|
| Purchases | | 17.32 (20.66) | - - |
| Interest Paid | 0.56 (0.64) | | |
| Loans and Advances / Receivables | | - | 11.11 (8.76) |
| Payables | 0.16 (0.13) | 37.67 (28.81) | - - |
| 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 Inspirsys Solutions Limited, the holding company.

1.11. Capital Commitments:

The Company has no capital commitments, which would require disclosure as at March 31, 2019.

1.10. Contingent Liabilities:

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

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