

## **INDEPENDENT AUDITOR'S REPORT**

To the members of **Network Programs USA Inc.**

We have audited the attached Balance Sheet of Network Programs USA Inc (hereinafter referred to as the company") as at 31<sup>st</sup> March 2018 and related Statement of Profit and Loss for the year ended on that date annexed thereto and a summary of accounting policies and other explanatory information. These financial statements have been prepared by the Company's management as per Generally Accepted Accounting 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 Generally Accepted Accounting Principles 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.

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  
E-Mail: skram@md3.vsnl.net.in

Phone : (91) (44) 24993637  
(91) (44) 24991644  
(91) (44) 24980416

## 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, 2018, 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: 02<sup>nd</sup> May 2018.

Network Programs USA Inc


**Audited Balance sheet as at 31st March 2018**

(All amounts in USD lakhs, unless otherwise stated)

	Notes	31-Mar-18 USD	31-Mar-17 USD
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	0.50	0.50
Reserves and surplus	2.2	(5.52)	(5.78)
		<u>(5.02)</u>	<u>(5.28)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	5.56	5.53
		<u>5.56</u>	<u>5.53</u>
<b>Current liabilities</b>			
Trade payables	2.4	2.43	1.72
Other current liabilities	2.5	2.31	2.72
		<u>4.74</u>	<u>4.44</u>
<b>TOTAL</b>		<u><u>5.28</u></u>	<u><u>4.69</u></u>
<b>Assets</b>			
<b>Current assets</b>			
Trade receivables	2.6	4.91	4.13
Cash and bank balances	2.7	0.37	0.56
		<u>5.28</u>	<u>4.69</u>
<b>TOTAL</b>		<u><u>5.28</u></u>	<u><u>4.69</u></u>


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

  
**R. Balaji**  
 Membership No.202916



For and on behalf of the Board

  
 Director

  
 Director

Place: Chennai, India  
 Date : 02-05-18

Network Programs USA Inc

**Audited Statement of Profit and loss account for the year ended 31st March 2018**

(All amounts in USD lakhs, unless otherwise stated)

	Notes	YTD 31-Mar-18 USD	YTD 31-Mar-17 USD
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	3.1	0.99	1.35
Other income	3.2	0.72	-
<b>Total revenue (I)</b>		<b>1.71</b>	<b>1.35</b>
<b>Expenses</b>			
Cost of Services	3.3	0.89	1.19
Other expenses	3.4	0.35	0.05
<b>Total (II)</b>		<b>1.24</b>	<b>1.24</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>0.47</b>	<b>0.11</b>
Finance costs (Net)	3.5	0.20	0.36
<b>Profit/(loss) before tax</b>		<b>0.27</b>	<b>(0.25)</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>0.27</b>	<b>(0.25)</b>

Significant Accounting Policies & Other Notes 1

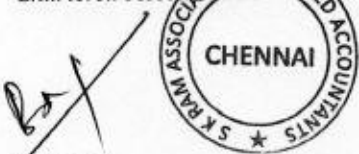
Notes to the Statement of Profit and Loss Account 3

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 : 02-05-18

For and on behalf of the Board

*M. Mehta*  
Director

*[Signature]*  
Director

**NETWORK PROGRAMS USA, INC.***(All amounts in USD lakhs, unless otherwise stated)***Cash Flow Statement for the period**

	March 31, 2018 USD	March 31, 2017 USD
<b><u>Cash flows from operating activities</u></b>		
Net profit / (loss) for the year before tax Adjustment for:	0.27	(0.25)
Operating profit / (loss) before reinvestment of capital	<u>0.27</u>	<u>(0.25)</u>
(Increase)/Decrease in Trade receivables	(0.79)	0.88
Increase/(Decrease) in trade and other payables	0.30	(0.91)
Cash generated from / (used in) operations	<u>(0.22)</u>	<u>(0.28)</u>
Tax (paid)	-	-
Net cash flows from operating activities	<u>(0.22)</u>	<u>(0.28)</u>
<b><u>Cash flows from financing activities:</u></b>		
Proceeds from Long-term borrowings	0.03	0.83
Net cash flows from/ (used in) financing activities	<u>0.03</u>	<u>0.83</u>
<b><u>Net Increase/(decrease) in cash &amp; cash equivalents</u></b>	<u>(0.19)</u>	<u>0.55</u>
Cash & cash equivalents at the beginning of the year	0.56	0.01
Cash & Cash equivalents at end of the year	<u>0.37</u>	<u>0.56</u>

*As per our report of even date*

For S K RAM ASSOCIATES

Firm Registration No.2842S

Chartered Accountants



R. Balaji

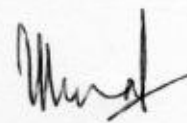
Membership No.202916



For and on behalf of the Board



Director



Director

Place: Chennai, India

Date : 02-05-18

**NETWORK PROGRAMS USA, INC.***(All amounts in US Dollars, 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:**

NETWORK PROGRAMS (USA), INC. USA, a company incorporated under the state laws of Delaware, USA. The company is primarily engaged in rendering software services.

**1.2. Tangible Assets:**

There is no Fixed Assets in the company.

**1.3. Sundry debtors / Sundry creditors / Loans & advances**

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.

**1.4. 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
Accel Frontline Limited, India	Holding company
Network Programs (JAPAN) INC. USA	Fellow Subsidiary
Accel North America Inc, USA	Fellow Subsidiary
Accel Japan KK	Fellow Subsidiary
Accel Technologies Limited, UK	Fellow Subsidiary


**KEY MANAGERIAL PERSONNEL:**

Shri. Malcolm F. Mehta	Director
Shri. Murali Gopalakrishnan	Director

**1.6. The transactions with its related parties are as follows :**

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary
Purchases		89,406	-
		(1,19,497)	-
Sales		-	99,340
		-	(1,01,585)
Receivables		-	5,16,589
		-	(4,38,368)
Payables		2,42,852	4,80,899
		(1,72,189)	(2,78,503)
Unsecured Loan	3,00,000	-	-
	(5,50,000)	-	-

Note: Item under parenthesis represent previous year figures

MF. 

**1.7. RELATED PARTY INTEREST IN CONTRACTS:**

The key persons of the company are neither directly nor indirectly interested in any contract with the company other than the following:  
Shri Malcolm F Mehta is the key person of the company and are also the Executive Director of Accel Frontline Limited, the holding company.

**1.8. Capital Commitments:**

The Company has no capital commitments, which would require disclosure as at March 31, 2018.

**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

**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 presentation.

*As per our report attached*

For S K RAM ASSOCIATES  
Firm Registration No.28425  
Chartered Accountants

  
R. Balaji  
Membership No.202916



For and on behalf of the Board

  
Director

  
Director

Place: Chennai, India  
Date : 02-05-18

**Network Programs USA Inc**

**2. Notes to the balance sheet**

(All amounts in USD lakhs, unless otherwise stated)

**2.1. Share capital**

**Issued, Subscribed & Paid up**

1,500 (March 31, 2017: 1,500) equity shares without par value

**Total**

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
0.50	0.50
<b>0.50</b>	<b>0.50</b>

**2.2 Reserves & surplus**

**Surplus / (deficit) in the profit and loss account**

Balance as at the beginning of the year

Profit / (Loss) For The Year

**Total**

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
(5.78)	(5.53)
0.27	(0.25)
<b>(5.52)</b>	<b>(5.78)</b>

**2.3 Long term borrowings**

Loans and advances from related parties

**Total**

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
5.56	5.53
<b>5.56</b>	<b>5.53</b>

**2.4 Trade payables**

Dues to micro and small enterprises\*

Dues to others

**Total**

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
2.43	1.72
<b>2.43</b>	<b>1.72</b>

**2.5 Other current liabilities**

Term Loans from related party

Liability for expenses

**Total**

All known liabilities have been accounted in preparing the financial statements. 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.

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
2.00	2.50
0.31	0.22
<b>2.31</b>	<b>2.72</b>

**2.6 Trade receivables**

Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment

Trade receivables

**Total**

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

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
4.91	4.13
<b>4.91</b>	<b>4.13</b>

**2.7 Cash and Cash equivalents**

Cash on Hand

Balances with Banks

- on current accounts

**Total**

Cash and Cash equivalents comprise of cash and bank current account balances.

As at Mar 31, 2018 - USD	As at Mar 31, 2017 - USD
0.37	0.56
<b>0.37</b>	<b>0.56</b>

*[Handwritten signatures]*



Network Programs USA Inc

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	YTD	YTD
	31-Mar-18 In USD	31-Mar-17 In USD
Revenue from operations		
Sale of services	0.99	1.35
Revenue from operations (net)	0.99	1.35

3.2. Other income	Apr-Mar18	31-Mar-17
	In USD	In USD
Other non-operating income	0.72	
Total	0.72	-

3.3 Cost of Services	31-Mar-18	31-Mar-17
	In USD	In USD
Traded purchases less returns	0.89	1.19
Total	0.89	1.19

3.4 Other expenses	31-Mar-18	31-Mar-17
	In USD	In USD
Legal and professional fees	0.14	0.15
Exchange differences (net)	-	(0.20)
Bad debts written off	0.21	0.10
Total	0.35	0.05

3.5 Finance costs	31-Mar-18	31-Mar-17
	In USD	In USD
Interest	0.20	0.36
Total	0.20	0.36

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