

INDEPENDENT AUDITOR'S REPORT

To the members of **Accel North America Inc. USA**

We have audited the attached Balance Sheet of ACCEL NORTH AMERICA INC. USA (hereinafter referred to as the company") as at 31st 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
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(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 31st 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: 02nd May 2018.

Accel North America Inc. USA

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 |
|--------------------------------|-------|------------------|------------------|
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 2.1 | 6.55 | 6.55 |
| Reserves and surplus | 2.2 | (24.40) | (18.33) |
| | | (17.85) | (11.78) |
| Non-current liabilities | | | |
| Long-term borrowings | 2.3 | 3.25 | 9.53 |
| | | 3.25 | 9.53 |
| Current liabilities | | | |
| Short-term borrowings | 2.4 | 0.07 | 0.08 |
| Trade payables | 2.5 | 28.96 | 16.70 |
| Other current liabilities | 2.6 | 8.75 | 11.52 |
| Short-term provisions | 2.9 | | |
| TOTAL | | 37.78 | 28.30 |
| | | 23.18 | 26.05 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | 2.7 | | |
| Tangible assets - Net | | 0.03 | - |
| Intangible assets - Net | | | |
| Long term loans and advances | 2.8 | 0.03 | |
| | | 0.06 | - |
| Current assets | | | |
| Inventories | | | |
| Trade receivables | 2.9 | 6.87 | 8.50 |
| Cash and bank balances | 2.10 | 3.40 | 7.55 |
| Short-term loans and advances | 2.11 | 8.91 | 5.62 |
| Other current assets | 2.12 | 3.94 | 4.38 |
| TOTAL | | 23.12 | 26.05 |
| | | 23.18 | 26.05 |

Significant Accounting Policies & Other Notes

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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

Place: Chennai, India

Date : 02-05-18

For and on behalf of the Board

M. Mohita
Director

P. Prabhakar
Director

Accel North America Inc. USA

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 |
|---|-------|-------------------------|-------------------------|
| Continuing operations | | | |
| Income | | | |
| Revenue from operations | 3.1 | 46.94 | 58.66 |
| Total revenue (I) | | 46.94 | 58.66 |
| Expenses | | | |
| Cost of Services | 3.2 | 19.99 | 27.19 |
| Employee benefit expenses | 3.3 | 26.84 | 27.22 |
| Other expenses | 3.4 | 5.44 | 8.51 |
| Total (II) | | 52.27 | 62.92 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II) | | (5.33) | (4.26) |
| Depreciation and amortization expense | 3.5 | 0.01 | - |
| Finance costs (Net) | 3.6 | 0.70 | 0.85 |
| Profit/(loss) before tax | | (6.04) | (5.11) |
| Prior Period expenses | | | |
| Total tax expense | | - | - |
| Profit/(loss) for the year from continuing operations | | (6.04) | (5.11) |

| | |
|---|---|
| Significant Accounting Policies & Other Notes | 1 |
| Notes to the Statement of Profit and Loss Account | 3 |
| <i>As per our report of even date</i> | |

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

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Accel North America Inc. USA

(All amounts in US Dollars in Lakhs, unless otherwise stated)

Cash Flow Statement for the period

| | March 31, 2018 USD | March 31, 2017 USD |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Net profit / (loss) for the year before tax Adjustment for: | | |
| Financing costs | (6.04) | (5.11) |
| Depreciation on fixed assets | 0.70 | 0.85 |
| | 0.01 | - |
| Operating profit / (loss) before reinvestment of capital | (5.33) | (4.26) |
| (Increase)/Decrease in Trade receivables | 1.63 | 8.18 |
| (Increase)/Decrease in current assets | (2.91) | (8.52) |
| Increase/(Decrease) in trade and other payables | 9.49 | 14.28 |
| Cash generated from / (used in) operations | 2.88 | 9.68 |
| Cash flows from investing activities: | | |
| Acquisition of non current assets & CWIP | (0.04) | 0.19 |
| Net cash flows from/ (used in) investing activities | (0.04) | 0.19 |
| Cash flows from financing activities: | | |
| Equity investment | | - |
| Borrowings | (6.29) | (4.29) |
| Financing costs | (0.70) | (0.85) |
| Net cash flows from/ (used in) financing activities | (6.99) | (5.14) |
| Net Increase/(decrease) in cash & cash equivalents | (4.15) | 4.73 |
| Cash & cash equivalents at the beginning of the year | 7.55 | 2.82 |
| Cash & Cash equivalents at end of the year | 3.40 | 7.55 |

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. Melita.
Director

P. S. Sankar
Director

Accel North America 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:

Accel 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

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. Changes in equity:

| Particulars | Issued Capital/ Share application Money | Accumulated Profit/(loss) | Total |
|--|---|------------------------------|---------|
| Balance as on March 31, 2017 | 6.55 | (18.36) | (11.81) |
| Profit/(Loss) for the year ending Mar 31, 2018 | - | (6.04) | (6.04) |
| Balance as on March 31, 2018 | 6.55 | (24.40) | (17.85) |

1.5. 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.

1.6. RELATED PARTIES TRANSACTION

| Name of the Party | Nature of Relationship |
|--|--------------------------|
| CAC Holdings Corporation, Tokyo, Japan | Ultimate Holding Company |
| Accel Frontline Limited, India | Holding company |
| Accel Technologies Limited, UK | Fellow Subsidiary |
| Network Programs Usa, Inc. | Fellow Subsidiary |

KEY MANAGERIAL PERSONNEL:

| | |
|---------------------|----------|
| Mr. Malcolm F Mehta | Director |
| Mr. Milind Kalurkar | Director |
| Mr. Maqbool Hassan | Director |

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

| Particulars | Ultimate Holding Company | Holding Company | Fellow Subsidiary |
|-------------------|--------------------------|--------------------------|------------------------|
| Purchases | | 20,66,363 (25,02,354) | - |
| Sales | | - | - |
| Interest Paid | 63,914 (78,074) | | |
| Receivables | | - | 8,76,449 (5,50,182) |
| Payables | 13,055 (21,485) | 28,80,529 (16,72,626) | - |
| Loans Outstanding | 9,75,000 (18,00,000) | | |

Note: Item under parenthesis represent previous year figures

1.8. RELATED PARTY INTEREST IN CONTRACTS:

The key persons of the company are neither directly nor indirectly interested in any contract with the company .

1.9. Capital Commitments:

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

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 amortization expense, finance costs and tax expense

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. CHA/

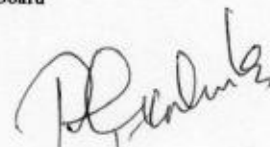
Chartered Accountants


R. Balaji
Membership No. 202910



For and on behalf of the Board


Director


Director

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

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Accel North America Inc. USA

2. Notes to the balance sheet

(All amounts in USD lakhs, unless otherwise stated)

2.1. Share capital

Issued, Subscribed & Paid up

655,000 (March 31, 2017: 655,000) equity shares of USD 1 each

Total

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 6.55 | 6.55 |
| 6.55 | 6.55 |

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 |
|-----------------------------|-----------------------------|
| (18.36) | (13.25) |
| (6.04) | (5.11) |
| (24.40) | (18.36) |

2.3 Long term borrowings

Loans and advances from related parties

Total

Loan from Promoter are the amount received from CAC Holdings Corporation which is repayable over a period of 3 years.

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 3.25 | 9.56 |
| 3.25 | 9.56 |

2.4 Short term borrowings

Secured

Cash credit facility from banks

Unsecured

Loan from related parties

Total

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 0.07 | 0.08 |
| - | - |
| 0.07 | 0.08 |

2.5 Trade payables

Dues to micro and small enterprises*

Dues to others

Total

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 28.96 | 16.70 |
| - | - |
| 28.96 | 16.70 |

2.6 Other current liabilities

Term Loans from related party

Statutory dues payable

Other Payables

Total

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 6.50 | 8.50 |
| 0.57 | 0.45 |
| 1.68 | 2.57 |
| 8.75 | 11.52 |

2.7 Fixed Assets

Net block as at 31 March

| As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-----------------------------|-----------------------------|
| 0.03 | - |

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Accel North America Inc. USA

2. Notes to the balance sheet

(All amounts in USD lakhs, unless otherwise stated)

2.8 Long term loans and advances

| | As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|----------------|-----------------------------|-----------------------------|
| Rental deposit | 0.03 | - |
| Total | <u>0.03</u> | <u>-</u> |

2.9 Trade receivables

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

| | As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|--|-----------------------------|-----------------------------|
| Trade receivables | 6.87 | 8.50 |
| Considered doubtful | - | - |
| Total | <u>6.87</u> | <u>8.50</u> |
| Less: Provision for doubtful receivables | - | - |
| Total | <u>6.87</u> | <u>8.50</u> |

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

2.10 Cash and Cash equivalents

| | As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|--|-----------------------------|-----------------------------|
| Cash on Hand | | |
| Balances with Banks - on current accounts | 3.40 | 7.55 |
| Total | <u>3.40</u> | <u>7.55</u> |

2.11 Short term loans and advances

| | As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|-------------------------|-----------------------------|-----------------------------|
| Prepaid Expenses | 0.04 | - |
| Loan to related parties | 8.81 | 5.55 |
| Employee advances | 0.06 | 0.07 |
| Total | <u>8.91</u> | <u>5.62</u> |

2.12 Other current assets

| | As at Mar 31, 2018 - USD | As at Mar 31, 2017 - USD |
|------------------|-----------------------------|-----------------------------|
| Unbilled Revenue | 3.94 | 4.38 |
| Total | <u>3.94</u> | <u>4.38</u> |

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Accel North America Inc. USA

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 31-Mar-18 In USD | YTD 31-Mar-17 In USD |
|-------------------------------|----------------------------|----------------------------|
| Sale of services | 46.94 | 58.66 |
| Revenue from operations (net) | <u>46.94</u> | <u>58.66</u> |

3.2 Cost of Services

| | 31-Mar-18 In USD | 31-Mar-17 In USD |
|--------------------------------------|---------------------|---------------------|
| Sub-contracting and outsourcing cost | 19.99 | 27.19 |
| | <u>19.99</u> | <u>27.19</u> |

3.3 Employee benefits expense

| | 31-Mar-18 In USD | 31-Mar-17 In USD |
|---------------------------|---------------------|---------------------|
| Salaries, wages and bonus | 26.84 | 27.22 |
| Total | <u>26.84</u> | <u>27.22</u> |

3.4 Other expenses

| | 31-Mar-18 In USD | 31-Mar-17 In USD |
|---------------------------------|---------------------|---------------------|
| Rent | 0.87 | 1.16 |
| Insurance | 0.06 | 0.05 |
| Rates and taxes | 0.21 | 0.01 |
| Communication costs | 0.05 | 0.11 |
| Travelling and conveyance | 0.41 | 0.78 |
| Freight and forwarding | 0.01 | 0.01 |
| Legal and professional fees | 3.53 | 4.02 |
| Advertising and sales promotion | 0.11 | 0.06 |
| Bad debts written off | - | 1.87 |
| Miscellaneous expenses | 0.19 | 0.44 |
| Total | <u>5.44</u> | <u>8.51</u> |

3.5 Depreciation and amortization expense

| | 31-Mar-18 In USD | 31-Mar-17 In USD |
|---------------------------------|---------------------|---------------------|
| Depreciation of tangible assets | 0.01 | - |
| Total | <u>0.01</u> | <u>-</u> |

3.6 Finance costs

| | Apr-Mar18 In USD | 31-Mar-17 In USD |
|---------------------------|---------------------|---------------------|
| Interest | 0.64 | 0.78 |
| Bank charges & Commission | 0.06 | 0.07 |
| Total | <u>0.70</u> | <u>0.85</u> |

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