

M.R.NARAIN & CO.,

CHARTERED ACCOUNTANTS

No. 1, Mahalingam Street, Mahalingapuram, Chennai - 600 034.
Tel: 91 - 44 - 4308 1246, 4308 1247. E-mail : email@mrnarain.net

INDEPENDENT AUDITORS REPORT

To the members of Inspirisys Solutions Japan, Kabhushiki Kaisha

We have audited the attached Ind As financial statement of Inspirisys Solutions Japan, Kabhushiki Kaisha (hereinafter referred to as the "Company") which comprise the Balance Sheet as at 31st March 2024 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 Financials Statements

Management is responsible for the preparation of these financials 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 & error.

Auditors Responsibility

Our responsibility is 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 considers 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 of 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 2024, and its results of operation for the year then ended in accordance with the generally accepted accounting principles adopted in India subject to note no.1.12 to the financial statements for the year ended 31st March 2024.

For **M.R.Narain & Co.**,
Chartered Accountants
Firm Regn No: 002330S

G. Chandrasekaran



G.Chandrasekaran
Partner

M.No: 208546

UDIN: **24208546BKFHZV9233**

Place : Chennai

Date : 9th May 2024

Inspirisys Solutions Japan , Kabhushiki Kaisha

Balance sheet as at 31 March 2024

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

Particulars	Notes	As at Mar 31, 2024	As at Mar 31, 2023
ASSETS			
Current assets			
Financial assets			
- Cash and cash equivalents	2.1	3,17,101	3,61,196
Total		3,17,101	3,61,196
Assets Total		3,17,101	3,61,196
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	1,85,50,000	1,85,50,000
Other equity			
- Reserves and surplus	2.3	(23,34,59,251)	(21,76,95,950)
Total		(21,49,09,251)	(19,91,45,950)
Liabilities			
Current liabilities			
Financial liabilities			
- Borrowings	2.4	12,62,15,267	12,10,88,142
- Trade payables	2.5	8,75,20,114	7,69,26,420
- Other financial liabilities	2.6	14,90,971	14,92,584
TOTAL		21,52,26,352	19,95,07,146
Liabilities Total		3,17,101	3,61,196
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Significant Accounting Policies & Other Notes

1

Notes to the Balance Sheet

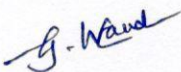
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As per our report of even date

For M R Narain & Co. Chartered Accountants

Firm Registration No. : 0023305

For and on behalf of the Board





G Chandrasekaran
Partner

Membership No. 208546


Director


Director

Place: Chennai, India

Date : 09, May 2024

Inspirisys Solutions Japan , Kabhushiki Kaisha

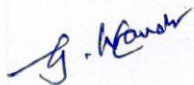
Statement of Profit and loss account for Year ended 31 March 2024

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

Particulars	Notes	Year ended 31 Mar 2024	Year ended 31 Mar 2023
Continuing operations			
Income			
Revenue from operations			
Other income			
Total revenue (I)		-	-
Expenses			
Employee benefit expenses			
Other expenses	3.1	1,52,03,454	93,01,305
Total (II)		1,52,03,454	93,01,305
Earnings before interest, tax, depreciation and amortization (EBITDA)			
(I) – (II)		(1,52,03,454)	(93,01,305)
Depreciation and amortization expense			
Finance costs (Net)	3.2	5,59,847	5,58,309
Profit/(loss) before tax		(1,57,63,301)	(98,59,614)
Profit/(loss) for the year from continuing operations		(1,57,63,301)	(98,59,614)
Significant Accounting Policies & Other Notes	1		
Notes to the Statement of Profit and Loss Account	3		
As per our report of even date			

For M R Narain & Co. Chartered Accountants
Firm Registration No. : 0023305

For and on behalf of the Board





G Chandrasekaran
Partner
Membership No. 208546


Director


Director

Place: Chennai, India
Date : 09, May 2024

Inspirisys Solutions Japan , Kabhushiki Kaisha

Cash Flow Statement for the period

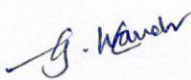
(All figures are in Japanese Yen , unless otherwise stated)

Particulars	Year ended 31 Mar 2024	Year ended 31 Mar 2023
Cash flows from operating activities		
Net profit / (loss) for the year before tax	(1,57,63,301)	(98,59,614)
Adjustment for:		
Finance costs	5,59,847	5,58,309
Operating profit / (loss) before reinvestment of capital	(1,52,03,454)	(93,01,305)
Increase / (Decrease) in trade and other payables	1,05,93,694	64,57,521
Increase / (Decrease) in other current liabilities	(1,613)	-
Cash generated from / (used in) operations	(46,11,372)	(28,43,784)
Tax (paid)	-	-
Net cash flows from operating activities	(46,11,372)	(28,43,784)
Cash flows from investing activities:		
Net cash flows from / (used in) investing activities	-	-
Cash flows from financing activities:		
Finance costs	(5,59,847)	(5,58,309)
Loan Received	51,27,125	33,42,163
Net cash flows from / (used in) financing activities	45,67,278	27,83,854
Net Increase / (decrease) in cash & cash equivalents	(44,095)	(59,930)
Cash & cash equivalents at the beginning of the year	3,61,196	4,21,126
Cash & Cash equivalents at end of the year	3,17,101	3,61,196

As per our report of even date

For M R Narain & Co. Chartered Accountants

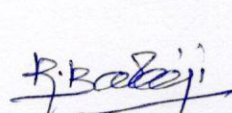
Firm Registration No. : 0023305




G Chandrasekaran
Partner
Membership No. 208546



For and on behalf of the Board


Director


Director

Place: Chennai, India

Date : 09, May 2024

Inspirisys Solutions Japan , Kabhushiki Kaisha

Notes to the balance sheet as at 31 March 2024

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

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
2.1 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	-	
Balances with banks - current accounts	3,17,101	3,61,196
Total	<u>3,17,101</u>	<u>3,61,196</u>
2.2 Share capital		
Issued, Subscribed & Paid up		
371 (March 31,2023:371) equity shares of JPY 50,000 each	1,85,50,000	1,85,50,000
2.3 Other Equity		
Securities premium reserve	79,05,000	79,05,000
General reserve	-	-
Retained earnings	(22,56,00,950)	(21,57,41,336)
Profit /(Loss) For The Year	(1,57,63,301)	(98,59,614)
Balance as at the end of the year	(24,13,64,251)	(22,56,00,950)
Total	<u>(23,34,59,251)</u>	<u>(21,76,95,950)</u>
2.4 Borrowings		
Current		
Unsecured		
Loans and advances from related parties	12,62,15,267	12,10,88,142
Total	<u>12,62,15,267</u>	<u>12,10,88,142</u>
2.5 Trade payables		
Dues to others	8,75,20,114	7,69,26,420
Total	<u>8,75,20,114</u>	<u>7,69,26,420</u>
2.6 Other financial liabilities		
Employee related payables	14,90,971	14,92,584
Total	<u>14,90,971</u>	<u>14,92,584</u>

Inspirisys Solutions Japan , Kabhushiki Kaisha

Notes to the Statement of Profit and Loss account for Year ended 31 March 2024

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

Particulars	Year ended 31 Mar 2024	Year ended 31 Mar 2023
3.1 Other expenses		
Legal and professional fees	-	38,292
Exchange differences (net)	1,51,60,972	92,41,563
Miscellaneous expenses	42,482	21,450
Total	1,52,03,454	93,01,305
3.2 Finance costs		
Interest on Borrowings	5,59,847	5,58,309
Total	5,59,847	5,58,309

Inspirisys Solutions Japan , Kabhushiki Kaisha

1. Other Notes forming part of Financial Statements for the Year Ended March 31, 2024

(All figures are in Japanese Yen , 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 attributable to

1.3. Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2023	2,64,55,000	(22,56,00,950)	(19,91,45,950)
Profit/(Loss) for the year ending Mar 31, 2024		(1,57,63,301)	(1,57,63,301)
Balance as on March 31, 2024	2,64,55,000	(24,13,64,251)	(21,49,09,251)

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	Associate Company

KEY MANAGERIAL PERSONNEL:

Mr R Balaji (Appointed 01 July 2023)
Mr Reni Don Rozario

Director
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
Payables	8,84,82,958	12,52,52,810
	(8,79,23,126)	(11,00,91,838)

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, 2024

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. Going Concern

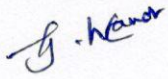
The Company incurred a net loss of JPY 157 lakhs during the year ended March 31, 2024, as of that date, the Company's current liabilities exceeded its total assets by JPY 2149 Lakhs. However, the long term liabilities and current liabilities are predominantly due to Ultimate Holding Company and fellow subsidiary Companies. The Management of the Holding Company is confident of infusing capital into the Company after getting necessary approval from the regulatory authorities to repay the debts and liabilities of the company and this will enable the company to operate as a Going Concern. Accordingly, no adjustments have been made to the carrying amount of the assets and liabilities and these financial statements have been prepared using the going concern concept.

1.13. 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 M R Narain & Co. Chartered Accountants
Firm Registration No. : 0023305



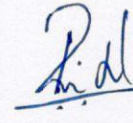
G Chandrasekaran
Partner
Membership No. 208546



Place: Chennai, India
Date : 09, May 2024

For and on behalf of the Board


Director


Director