

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 North America Inc.,

We have audited the attached Ind As financial statement of **Inspirisys Solutions North America Inc.,** (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.1.15 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: **24208546BKFHZY6840**

Place : Chennai

Date : 9th May 2024

Inspirisys Solutions North America Inc.,

Balance sheet as at 31 March 2024

(All amounts in USD , unless otherwise stated)

Particulars	Notes	As at Mar 31, 2024	As at Mar 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment		2,727	515
Financial assets			
- Other financial assets	2.1	3,493	3,493
Total		6,220	4,008
Current assets			
Financial assets			
- Trade receivables	2.2	3,33,280	6,00,535
- Cash and cash equivalents	2.3	2,49,195	1,65,086
- Loans	2.4	12,12,546	39,73,301
Other current assets	2.5	1,84,063	3,21,141
Total		19,79,084	50,60,064
Assets Total		19,85,304	50,64,072
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	6,55,000	6,55,000
Other equity			
- Reserves and surplus	2.7	(82,89,264)	(33,12,606)
Total		(76,34,264)	(26,57,606)
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings Current	2.8	35,90,110	19,05,000
- Borrowings Non Current		6,50,000	6,50,000
Total		42,40,110	25,55,000
Current liabilities			
Financial liabilities			
- Trade payables	2.9	48,56,060	49,32,180
- Other financial liabilities	2.10	5,10,152	2,21,255
Other current liabilities	2.11	13,245	13,243
TOTAL		53,79,457	51,66,678
Liabilities Total		19,85,304	50,64,072

Significant Accounting Policies & Other Notes 1

Notes to the Balance Sheet 2

As per our report of even date

For M R Narain & Co. Chartered Accountants

Firm Registration No. : 002330S

G Chandrasekaran
Partner

Membership No. 208546

Place: Chennai, India

Date : 09 , May 2024



For and on behalf of the Board

[Signature]
Director

[Signature]
Director

Inspirisys Solutions North America Inc.,

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

(All amounts in USD , unless otherwise stated)

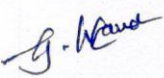
Particulars	Notes	Year ended 31 Mar 2024	Year ended 31 Mar 2023
Income			
Revenue from operations	3.1	28,39,678	34,80,232
Other income	3.2	5,04,677	4,47,670
Total revenue (I)		33,44,355	39,27,902
Expenses			
Cost of Services	3.3	13,25,673	14,52,242
Employee benefit expenses	3.4	17,06,834	18,24,905
Other expenses	3.5	49,43,697	4,38,089
Total (II)		79,76,203	37,15,236
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(46,31,848)	2,12,666
Depreciation and amortization expense	3.6	349	
Finance costs (Net)	3.7	3,44,460	1,37,364
Profit/(loss) before tax		(49,76,657)	75,302
Profit/(loss) for the year from continuing operations		(49,76,657)	75,302

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. : 002330S

For and on behalf of the Board



G Chandrasekaran
Partner
Membership No. 208546


Director
Director

Place: Chennai, India

Date : 09, May 2024

Inspirisys Solutions North America Inc.,

Cash Flow Statement for the year ended
(All amounts in USD , unless otherwise stated)

Particulars	Year ended 31-03-2024	Year ended 31-03-2023
Cash flows from operating activities		
Net profit / (loss) for the year before tax Adjustment for:	(49,76,657)	75,302
Financing costs	3,44,460	1,37,364
Bad Debts Written off	46,46,524	
Depreciation on fixed assets	349	-
Operating profit / (loss) before reinvestment of capital	14,676	2,12,666
(Increase)/Decrease in Trade receivables	2,67,255	76,060
(Increase)/Decrease in P&L debit balance	-	-
(Increase)/Decrease in current assets	24,63,859	(14,03,258)
Increase/(Decrease) in trade and other payables	2,12,780	1,51,170
Cash generated from / (used in) operations	29,58,569	(9,63,362)
Tax (paid)	-	-
Net cash flows from operating activities	29,58,569	(9,63,362)
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	(2,561)	
Net cash flows from/ (used in) investing activities	-	-
Cash flows from financing activities:		
Equity investment		
Increase / (decrease) in Borrowings	16,85,110	6,30,000
Write off of Loans and Advances	(42,15,110)	
Financing costs	(3,44,460)	(1,37,364)
Net cash flows from/ (used in) financing activities	(28,74,460)	4,92,636
Net Increase/(decrease) in cash & cash equivalents	84,109	(4,70,727)
Cash & cash equivalents at the beginning of the year	1,65,086	6,35,813
Cash & Cash equivalents at end of the year	2,49,195	1,65,086

As per our report of even date

For M R Narain & Co. Chartered Accountants
Firm Registration No. : 002330S

For and on behalf of the Board

G Chandrasekaran
Partner
Membership No. 208546



[Signature]
Director

[Signature]
Director

Place: Chennai, India
Date : 09 , May 2024

Inspirisys Solutions North America Inc.,

2. Notes to the balance sheet as at 31 March 2024

(All amounts in USD , unless otherwise stated)

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
2.1 Other financial assets		
Non Current		
Rental deposit	3,493	3,493
Less: Provision for Doubtful		
Total	3,493	3,493
2.2 Trade receivables		
Current		
Considered good	3,33,280	6,00,535
Considered doubtful		
	3,33,280	6,00,535
Less:Provision for doubtful receivables		
Total	3,33,280	6,00,535
2.3 Cash and bank balances		
Cash and cash equivalent		
Balances with banks - current accounts	2,49,195	1,65,086
Total	2,49,195	1,65,086
2.4 Loans		
Long term		
Loans and advances to related parties (Also, refer note)		
Considered good	12,12,546	39,73,301
Considered doubtful		
Total	12,12,546	39,73,301
2.5 Other current assets		
Unbilled revenue	1,81,020	3,05,255
Prepaid expenses	2,950	10,886
Employee advances	93	5,000
Total	1,84,063	3,21,141

Inspirisys Solutions North America Inc.,

2. Notes to the balance sheet as at 31 March 2024

(All amounts in USD , unless otherwise stated)

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
2.6 Share capital		
Issued, Subscribed & Paid up		
655,000 (March 31,2023:655,000) equity shares of 1 USD each	6,55,000	6,55,000
2.7 Other Equity		
General reserve		
Retained earnings at the beginning of the year	(33,12,606)	(33,87,908)
Profit / (Loss) for the year	(49,76,657)	75,302
Balance as at the end of the year	<u>(82,89,264)</u>	<u>(33,12,606)</u>
Total	<u><u>(82,89,264)</u></u>	<u><u>(33,12,606)</u></u>
2.8 Borrowings		
Current		
Unsecured		
Loans and advances from related parties	35,90,110	19,05,000
Total	<u>35,90,110</u>	<u>19,05,000</u>
Non-current		
Unsecured		
Loans and advances from related parties	6,50,000	6,50,000
Total	<u>6,50,000</u>	<u>6,50,000</u>
2.90 Trade payables		
Dues to Others	48,56,060	49,32,180
Total	<u>48,56,060</u>	<u>49,32,180</u>
2.10 Other financial liabilities		
Other accrued liabilities	5,10,152	2,21,255
Total	<u>5,10,152</u>	<u>2,21,255</u>
2.11 Other current liabilities		
Unearned service revenue	13,245	13,243
Statutory dues payable	-	
Total	<u>13,245</u>	<u>13,243</u>

Inspirisys Solutions North America Inc.,

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

(All amounts in USD , unless otherwise stated)

Particulars	Year ended 31 Mar 2024	Year ended 31 Mar 2023
3.1 Revenue from operations		
Sale of services	28,39,678	34,80,232
Revenue from operations (net)	28,39,678	34,80,232
3.2 Other income		
Other non-operating income	5,04,677	4,47,670
Total	5,04,677	4,47,670
3.3 Cost of Services		
Sub-contracting and outsourcing cost	13,25,673	14,52,242
Total	13,25,673	14,52,242
3.4 Employee benefits expense		
Salaries, wages and bonus	17,06,834	18,24,905
Total	17,06,834	18,24,905
3.5 Other expenses		
Rent	20,700	20,700
Insurance	10,544	9,735
Rates and taxes	69,200	60,680
Travelling and conveyance	7,790	32,273
Legal and professional fees	1,41,373	2,65,688
Bad debts written off	46,46,524	
Miscellaneous expenses	47,566	49,013
Total	49,43,697	4,38,089
3.6 Depreciation and amortization expense		
Depreciation of tangible assets	349	-
Total	349	-
3.7 Finance costs		
Interest	3,44,460	1,37,364
Bank charges & Commission		
Total	3,44,460	1,37,364

Inspirisys Solutions North America Inc.,

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

(All amounts in USD, 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, 2024	March 31, 2023
Cash at Bank	2,49,195	1,65,086
	<u>2,49,195</u>	<u>1,65,086</u>

1.4. Trade receivables & Other Assets

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

	March 31, 2024	March 31, 2023
Trade Receivables	3,33,280	6,00,535
	<u>3,33,280</u>	<u>6,00,535</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 date.

Amount falling due within one year

	March 31, 2024	March 31, 2023
Trade Payables	48,56,060	49,32,180
Other Current liabilities	5,23,397	2,34,497
	<u>53,79,457</u>	<u>51,66,678</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, 2023	6,55,000	(33,12,606)	(26,57,606)
Profit/(Loss) for the Year ended March 31, 2024	-	(49,76,657)	(49,76,657)
Balance as on Mar 31, 2024	6,55,000	(82,89,264)	(76,34,264)

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
Inspirisys Solutions Limited	Holding company
Inspirisys Solutions Europe Ltd UK	Fellow Subsidiary
Inspirisys Solutions Japan Kabushiki Kaisha	Fellow Subsidiary
Inspirisys Solutions DMCC	Fellow Subsidiary
Network Programs USA, Inc.	Fellow Subsidiary

Directors of the company

Mr Murali Gopalakrishnan	Director
Mr R Balaji (Appointed 01 July 2023)	Director
Mr Srinivasa Bhaskara	Director
Mr Reni Don Rozario	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		3,42,000	-	
		(2,99,400)	-	
Interest Earned (ISDMCC)			1,62,677	
			(1,22,546)	
Purchases		13,25,673	-	
		(14,31,533)	-	
Interest Paid	3,44,460			
	(86,965)			
Loans and Advances / Receivables	-		12,12,546	
	-	-	(39,73,301)	
Payables	3,03,222	48,56,442	-	
	(63,068)	(49,05,626)	-	
Loans Outstanding	42,40,110			
	25,55,000			
Payment of Salaries (Mr. Milind Kalurkar)				79,869
				(1,86,000)

Note: Item under parenthesis represent previous year figures (31 March 2023)

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 Murali Gopalakrishnan is key person of the company. Mr Murali Gopalakrishnan is also the Executive Director 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, 2024

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

1.13. Taxation:

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

1.15. Going Concern:

At 31 March 2024 the company's current liabilities including current maturities of long term debts exceed current assets by USD 69.90 lakhs. The company recorded a Loss before tax for year ended 31 March 2024 of USD 49.77 Lakhs. Further, the company has accumulated losses amounting to USD 82.89 lakhs which has resulted in erosion of net worth. However, the current liabilities and long term liabilities are predominantly debts due to Ultimate Holding Company and trade payables to Holding company. The management is confident that the future revenue and cash flow projections will enable the Group 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 assumption.

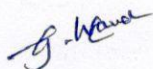
1.14. Comparative Figures:

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

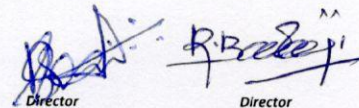
For and on behalf of the Board



G Chandrasekaran
Partner
Membership No. 208546



Place: Chennai, India
Date : 09, May 2024



Director Director