

## **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 31<sup>st</sup> March 2016 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

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## 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, 2016, 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: July 30, 2016



# Accel North America Inc. USA

## Balance sheet as at

(All amounts in USD lakhs, unless otherwise stated)

	Notes	31-Mar-16 USD	31-Mar-15 USD
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	6.55	6.55
Reserves and surplus	2.2	(13.22)	(5.79)
		<u>(6.67)</u>	<u>0.76</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	13.80	23.00
		<u>13.80</u>	<u>23.00</u>
<b>Current liabilities</b>			
Short-term borrowings	2.4	0.10	0.59
Trade payables	2.5	4.73	12.75
Other current liabilities	2.6	9.20	0.00
		<u>14.03</u>	<u>13.34</u>
<b>TOTAL</b>		<u><u>21.16</u></u>	<u><u>37.10</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	2.7		
Tangible assets - Net		0.19	0.10
Long-term Trade receivables	2.8	0.00	4.21
		<u>0.19</u>	<u>4.31</u>
<b>Current assets</b>			
Trade receivables	2.9	16.68	30.90
Cash and bank balances	2.10	2.82	0.91
Long-term loans and advances	2.11	1.47	0.96
Other current assets	2.12	-	0.02
		<u>20.97</u>	<u>32.79</u>
<b>TOTAL</b>		<u><u>21.16</u></u>	<u><u>37.10</u></u>

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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 : 30th July 2016

For and on behalf of the Board

  
Director  
Mfm

  
Director  
MK

# Accel North America Inc. USA

## Statement of Profit and loss account for the year ended

(All amounts in USD lakhs, unless otherwise stated)

	Notes	31-Mar-16 USD	31-Mar-15 USD
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	3.1	63.89	58.73
Other income	3.2	-	0.30
<b>Total revenue (I)</b>		<b>63.89</b>	<b>59.03</b>
<b>Expenses</b>			
Cost of Services		32.86	32.86
Employee benefit expenses	3.3	25.52	19.02
Other expenses	3.4	10.65	6.78
<b>Total (II)</b>		<b>69.03</b>	<b>58.66</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>(5.14)</b>	<b>0.37</b>
Depreciation and amortization expense	3.5	0.13	0.09
Finance costs (Net)	3.6	1.19	1.09
<b>Profit/(loss) before tax</b>		<b>(6.46)</b>	<b>(0.81)</b>
Prior Period expenses		0.99	-
Tax expenses		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>(7.45)</b>	<b>(0.81)</b>

Significant Accounting Policies 1

Notes to the Statement of Profit and Loss Account 3

Other Notes 4

As per our report of even date

**For S K RAM ASSOCIATES**

**Firm Registration No.2842S**

*Chartered Accountants*



Place: Chennai, India

Date : 30th July 2016

**For and on behalf of the Board**

*M Mehta*  
Director  
MFM

*P. Subramanian*  
Director  
MK

**Accel North America Inc. USA***(All amounts in US Dollars in Lakhs, unless otherwise stated)***Cash Flow Statement for the period****March 31, 2016**    **March 31, 2015**  
USD                      USD**Cash flows from operating activities**

Net profit / (loss) for the year before tax Adjustment for:	(7.45)	(0.81)
Financing costs	1.19	1.09
Depreciation on fixed assets	0.13	0.09

**Operating profit / (loss) before reinvestment of capital****(6.13)**                      **0.37**

(Increase)/Decrease in Trade receivables	18.45	(20.40)
(Increase)/Decrease in current assets	(0.49)	(0.85)
Increase/(Decrease) in trade and other payables	1.19	(0.30)

**Cash generated from / (used in) operations****13.02**                      **(21.18)**

Tax (paid)

-                                      -

**Net cash flows from operating activities****13.02**                      **(21.18)****Cash flows from investing activities:**

Acquisition of non current assets &amp; CWIP                      (0.22)                      0.03

**Net cash flows from/ (used in) investing activities****(0.22)**                      **0.03****Cash flows from financing activities:**

Equity investment                      -                                      -

Borrowings                      (9.70)                      20.24

Financing costs                      (1.19)                      (1.09)

**Net cash flows from/ (used in) financing activities****(10.89)**                      **19.15****Net Increase/(decrease) in cash & cash equivalents**

Cash &amp; cash equivalents at the beginning of the year                      0.91                      2.91

**Cash & Cash equivalents at end of the year****2.82**                      **0.91***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 : 30th July 2016

**For and on behalf of the Board**

**Director**

Mfm


**Director**

MK

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, 2014: 655,000) equity shares of USD 1 each

Total

As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
6.55	6.55
<u>6.55</u>	<u>6.55</u>

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

Less: Appropriations

Total appropriations

Balance as at the end of the year

Total

As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
(5.77)	(4.96)
(7.45)	(0.81)
-	-
<u>(13.22)</u>	<u>(5.77)</u>
<u>(13.22)</u>	<u>(5.77)</u>

2.3 Long term borrowings

Loan from Promoter

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, 2016 - USD	As at Mar 31, 2015 - USD
13.80	23.00
<u>13.80</u>	<u>23.00</u>

2.4 Short term borrowings

Secured

Cash credit facility from banks

Unsecured

Inter corporate deposits

Total

As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
0.02	0.31
0.08	0.28
<u>0.10</u>	<u>0.59</u>

2.5 Trade payables

Outstanding dues to micro & small enterprises

Outstanding dues other than above

Advances refundable

Total

As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
4.73	11.76
-	0.99
<u>4.73</u>	<u>12.75</u>

2.6 Other current liabilities

(a) Current maturities of long-term debt:-

Current maturities of loan from ultimate holding company

Total

As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
9.20	-
<u>9.20</u>	<u>-</u>

MF  
R/R

2. Notes to the balance sheet

(All amounts in USD lakhs, unless otherwise stated)

2.70 Fixed Assets

Particulars	As at Mar 31, 2016	As at Mar 31, 2015
	Plant and machinery	Plant and machinery
Opening Gross Block 1st April	0.59	0.47
Additions	-	-
Deletions	-	-
<b>Closing Gross Block as at 31 March</b>	<b>0.59</b>	<b>0.47</b>
Accumulated Depreciation as at 31 March	0.28	0.28
Impact due to change of groupings	-	-
Accumulated Depreciation as at 31 March after regrouping	0.28	0.28
Amount transferred to reserves	-	-
Depreciation/amortisation charge for the year	0.13	0.09
Reversal on disposal for the year	-	-
<b>Accumulated Depreciation as at 31 March</b>	<b>0.40</b>	<b>0.37</b>
<b>Net block as at 31 March</b>	<b>0.19</b>	<b>0.10</b>

2.8 Long-term trade receivables

	As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	4.21
Unsecured, considered good	-	4.21
<b>Total</b>	<b>-</b>	<b>4.21</b>

2.9 Trade receivables

	As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment	-	-
Trade receivables Less than 6 months	16.68	30.90
Less: Provision for doubtful receivables	-	-
<b>Total</b>	<b>16.68</b>	<b>30.90</b>

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

2.10. Cash and Cash equivalents

	As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
Cash on Hand	-	-
Balances with Banks	-	-
- on current accounts	2.82	0.91
<b>Total</b>	<b>2.82</b>	<b>0.91</b>

2.11 Long term loans and advances

	As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
Other loans and advances	1.47	0.96
<b>Total</b>	<b>1.47</b>	<b>0.96</b>

2.12 Other current assets

	As at Mar 31, 2016 - USD	As at Mar 31, 2015 - USD
Prepaid expenses	-	0.02
<b>Total</b>	<b>-</b>	<b>0.02</b>

M.A.  
P.P.

**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**

	31-Mar-16 In USD	31-Mar-15 In USD
Revenue from operations		
Sale of services	63.89	58.73
Revenue from operations (net)	<u>63.89</u>	<u>58.73</u>

**3.2. Other income**

	31-Mar-16 In USD	31-Mar-15 In USD
Interest income on Bank deposits	-	0.30
Total	<u>-</u>	<u>0.30</u>

**3.3 Employee benefits expense**

	31-Mar-16 In USD	31-Mar-15 In USD
Salaries, wages and bonus	23.47	17.69
Contribution to provident and other funds	1.47	0.93
Staff welfare expenses	0.58	0.40
Total	<u>25.52</u>	<u>19.02</u>

**3.4 Other expenses**

	31-Mar-16 In USD	31-Mar-15 In USD
Sub-contracting and outsourcing cost	32.86	32.86
Rent	1.24	1.16
Insurance	0.07	0.07
Rates and taxes	0.02	0.05
Communication costs	0.06	0.03
Travelling and conveyance	0.46	0.87
Freight and forwarding	0.02	0.06
Legal and professional fees	3.43	2.94
Advertising and sales promotion	0.11	0.07
Bad debts written off	4.91	0.89
Prior Period Expenses	0.99	-
Miscellaneous expenses	0.35	0.64
Total	<u>11.64</u>	<u>6.78</u>

**3.5 Depreciation and amortization expense**

	31-Mar-16 In USD	31-Mar-15 In USD
Depreciation of tangible assets	0.13	0.09
Total	<u>0.13</u>	<u>0.09</u>

**3.6 Finance costs**

	31-Mar-16 In USD	31-Mar-15 In USD
Interest	1.14	0.97
Bank charges & Commission	0.05	0.12
Total	<u>1.19</u>	<u>1.09</u>

*MF.  
R*



**Accel North America Inc***(All amounts in US Dollars, unless otherwise stated)***4. Other Notes forming part of Financial Statements for the Year Ended March 31, 2016.****4.1. 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.

**4.2. 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.

**4.3. 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.

**4.4. Changes in equity:**

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2015	6.55	(5.77)	0.78
Profit/(Loss) for the year ending Mar 31, 2016	-	(7.45)	(7.45)
Balance as on March 31, 2016	6.55	(13.22)	(6.67)

**4.5. 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.

**4.6. 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. David Kumar	Director
Mr. Maqbool Hassan	Director

MF  
PK

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

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary
Purchases		32,76,479	-
		(31,41,940)	-
Sales		-	-
Interest Paid	1,08,351		
	(67,898)		
Receivables		-	1,24,179
		-	(71,880)
Payables	35,951	3,92,645	-
	(25,709)	(11,34,227)	-
Loans Outstanding	13,80,000		
	(23,00,000)		

Note: Item under parenthesis represent previous year figures

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

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

**4.9. Capital Commitments:**

The Company has no capital commitments, which would require disclosure as at March 31, 2016.

**4.10. Contingent Liabilities:**

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

**4.11. 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.

**4.12. 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

**4.13. 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 : 30th July 2016



For and on behalf of the Board

  
Director  
Mfm

  
Director  
mk

## ACCEL NORTH AMERICA INC. USA

### Significant accounting policies forming part of the financial statements

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#### (a) Basis of preparation of financial statements

The financial statements are prepared under the historic cost convention on accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1)(a) of Section 642 and the relevant provisions of the Companies Act, 1956 and 2013 (to the extent notified) and pronouncements of the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

#### Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes the estimates are prudent and reasonable. Future results could differ from these estimates.

#### (b) Non Current - Tangible assets

Fixed assets are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met as per Accounting standards 16 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

MFA  
RAC

