S.K.RAM ASSOCIATES

Chartered Accountants
Old No. 57/2, New No. 103
P.S. Sivaswamy Salai, Mylapore
Chennai 600 004. INDIA
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INDEPENDENT AUDITOR'S REPORT

To the members of **Accel Technologies Ltd, United Kingdom.**

We have audited the attached Balance Sheet of ACCEL TECHNOLOGIES LTD, UNITED KINGDOM (hereinafter referred to as the company") as at 31st 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.

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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 31st 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

S.K. RAM ASSOCIATES
57, A. SULLIVAN GARDEN ROAD
MYLAPORE
CHENNAI
600 004
CHARTERED ACCOUNTANTS

Accel Technologies Ltd, UK

Balance sheet as at

(All amounts in GBP lakhs, unless otherwise stated)

	Notes	31-Mar-16 GBP	31-Mar-15 GBP
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	0.20	0.20
Reserves and surplus	2.2	(1.41)	(1.12)
		(1.21)	**(0.92)**
Non-current liabilities			
Long-term borrowings	2.3	1.19	0.94
		1.19	**0.94**
Current liabilities			
Other current liabilities	2.4	0.05	0.04
		0.05	**0.04**
TOTAL		**0.03**	**0.06**
Assets			
Current assets			
Cash and bank balances	2.5	0.01	0.03
Short-term loans and advances	2.6	0.02	0.03
		0.03	**0.06**
TOTAL		**0.03**	**0.06**

Significant Accounting Policies	1
Notes to the Balance Sheet	2
Other Notes	4

As per our report of even date

For S K RAM ASSOCIATES
Firm Registration No.2842S
Chartered Accountants

S K RAM ASSOCIATES CHENNAI Chartered Accountants

R.Balaji
Membership No.202916

Place: Chennai, India
Date : 30th July 2016

For and on behalf of the Board

M Mehta

Director
MFM

Director
MK

Accel Technologies Ltd, UK

Statement of Profit and loss account for the year ended

(All amounts in GBP lakhs, unless otherwise stated)

	Notes	31-Mar-16 GBP	31-Mar-15 GBP
Continuing operations			
Income			
Total revenue (I)		-	-
Expenses			
Other expenses	3.1	0.29	0.34
Total (II)		**0.29**	**0.34**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		(0.29)	(0.34)
Finance costs (Net)		0.00	0.00
Profit/(loss) before tax		(0.29)	(0.34)
Profit/(loss) for the year from continuing operations		(0.29)	(0.34)

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

S K RAM ASSOCIATES CHENNAI Chartered Accountants

R.Balaji
Membership No.202916

Place: Chennai, India
Date : 30th July 2016

For and on behalf of the Board

M.Mehta

Director
MFM

Director
MK

Accel Technologies Ltd, UK

(All amounts in GBP in lakhs, unless otherwise stated)

Cash Flow Statement for the period	March 31, 2016 GBP	March 31, 2015 GBP
Cash flows from operating activities		
Net profit / (loss) for the year before tax Adjustment for:	(0.29)	(0.34)
Finance cost	0.00	0.00
Depreciation on fixed assets		-
Operating profit / (loss) before reinvestment of capital	**(0.29)**	**(0.34)**
(Increase)/Decrease in Trade receivables	-	-
(Increase)/Decrease in current assets	0.01	(0.01)
Increase/(Decrease) in trade and other payables	0.01	(0.09)
Cash generated from / (used in) operations	**(0.27)**	**(0.43)**
Tax (paid)	-	-
Net cash flows from operating activities	**(0.27)**	**(0.43)**
Cash flows from financing activities:		
Equity		-
Loan received/(repaid)	0.25	0.39
Interest paid	-	(0.01)
Net cash flows from/ (used in) financing activities	**0.25**	**0.38**
Net Increase/(decrease) in cash & cash equivalents	**(0.02)**	**(0.05)**
Cash & cash equivalents at the beginning of the year	0.03	0.08
Cash & Cash equivalents at end of the year	**0.01**	**0.03**

As per our report of even date

For S K RAM ASSOCIATES
Firm Registration No.2842S
Chartered Accountants

S K RAM ASSOCIATES CHENNAI Chartered Accountants

R.Balaji
Membership No.202916

Place: Chennai, India
Date : 30th July 2016

For and on behalf of the Board

M Mehta.

Director
MFM

Director
MK

Accel Technologies Ltd, UK

2. Notes to the balance sheet

(All amounts in GBP lakhs, unless otherwise stated)

2.1. Share capital

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Issued, Subscribed & Paid up		
19,500 (March 31, 2014: 19,500) equity shares of GBP.1/- each	0.20	0.20
Total	**0.20**	**0.20**

2.2 Reserves & surplus

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Surplus / (deficit) in the profit and loss account		
Balance as at the beginning of the year	(1.12)	(0.78)
Profit /(Loss) For The Year	(0.29)	(0.34)
Less: Appropriations		
Total appropriations	-	-
Balance as at the end of the year	(1.41)	(1.12)
Total	(1.41)	(1.12)

2.3 Long term borrowings

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Loan from Promoters	1.19	0.94
Total	1.19	0.94

Loan from Promoters include opening balance of loan taken from holding company for GBP 0.55 lacs and loan taken from fellow subsidiary GBP 0.64 lacs.

2.4 Other current liabilities

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Liability for expenses	0.05	0.04
Total	0.05	0.04

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

Liabilites 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.

2.5 Cash and Cash equivalents

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Cash on Hand		
Balances with Banks		
- on current accounts	0.01	0.03
Total	0.01	0.03

2.6 Short term loans and advances

	As at Mar 31, 2016 - GBP	As at March 31, 2015 - GBP
Other loans and advances	0.02	0.03
Total	0.02	0.03

<u>Accel Technologies Ltd, UK</u>

3. **Notes to the Statement of Profit and Loss account for the year ended**
(All amounts in GBP lakhs, unless otherwise stated)

3.1 <u>Other expenses</u>

	31-Mar-16 In GBP	31-Mar-15 In GBP
Sub-contracting and outsourcing cost		
Rent	0.06	0.10
Communication costs	0.01	0.01
Travelling and conveyance	0.01	0.03
Printing and stationery	0.00	0.00
Legal and professional fees	0.21	0.20
Total	0.29	0.34

Accel Technologies Ltd, UK
(All amounts in GBP in lacs, 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 Technologies Ltd, UK, a company incorporated under the laws of UK. The company is primarily engaged in rendering software services

During the year the company did not have any revenue, as the company was involved in market study to pitch in some of the products developed for mass manufacture & distribution.

4.2 Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as on March 31, 2015	0.20	(1.12)	(0.92)
Profit/(Loss) for the year ending Mar 31, 2016	-	(0.29)	(0.29)
Balance as on March 31, 2016	0.20	(1.41)	(1.21)

4.3. 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.

4.4. RELATED PARTIES TRANSACTION

Name of the Party	Nature of Relationship
Accel Frontline Limited, India	Holding company
Accel North America Inc	Fellow Subsidiary
Network Programs Usa, Inc.	Fellow Subsidiary

KEY MANAGERIAL PERSONNEL:

Mr. Malcolm F Mehta	Director
Mr. V. Mohan Nair	Director
Mr. Milind Kalurkar	Director

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

Particulars	Holding Company	Fellow Subsidiary
Purchases	-	-
Income	-	-
	-	-
Receivables	-	-
	-	-
Payables	54,644	64,501
	(54,644)	(39,100)

Note: Item under parenthesis represent previous year figures

MA. [signature]

4.6. RELATED PARTY INTEREST IN CONTRACTS:

Mr. V.Mohan Nair - Director

Mr. V. Mohan Nair, Director is also a director in V2S Enablers Ltd, which provides marketing services to the company on the normal commercial terms.

4.7. Capital Commitments:

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

4.8. Contingent Liabilities:

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

4.9. 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.

4.10. 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

4.11. Comparative Figures:

Previous year figures have been regrouped / reclassified wherever necessary to conform with current year presentation.

As per our report attached

For S K RAM ASSOCIATES
Chartered Accountants
Firm Registration No.2842S

R.Balaji
Membership No.202916

Place: Chennai, India
Date : 30th July 2016

S K RAM ASSOCIATES CHENNAI Chartered Accountants

For and on behalf of the Board

M Mehta

Director

MFM

Director

MK

ACCEL TECHNOLOGIES LTD, UK

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 changed 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.

Depreciation on tangible assets

Depreciation on fixed assets is calculated for on a straight-line basis over the useful life of the assets as estimated by the management or as prescribed under Schedule II to the Companies Act, 2013, which ever is higher. The useful life of each block of assets is as follows:

Asset	Useful life
Plant and machinery	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Computer hardware (end user devices – laptop and desktops) Computer hardware (servers, network equipment etc)	3 to 6 years 6 years
Vehicles	Car 10 years and Scooters 8 years
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year.

Intangible assets

Intangible assets acquired separately, are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Measurement subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

Gains or losses arising from de-recognition of an intangible asset 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.

Goodwill arising out of Consolidation is not amortised. The movement in the value of Goodwill on account of exchange fluctuation is recognized during the relevant year.