S.K.RAM ASSOCIATES

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

To the members of **Network Programs (Japan) Inc. USA**

We have audited the attached Balance Sheet of NETWORK PROGRAMS (JAPAN) INC. USA (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

NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD unless otherwise stated)

BALANCE SHEET AS AT	March 31,2016	March 31,2015
ASSETS		
CURRENT ASSETS		
Cash &cash equivalents	-	2,637
Accounts receivables	65,433	75,712
CURRENT ASSETS	**65,433**	**78,349**
Fixed assets, net	-	-
Other assets	101,510	101,510
TOTAL ASSETS	**166,943**	**179,859**
LIABILITIES		
Current liabilities	55,722	55,722
Share holder's equity		
Capital stock	150,000	150,000
Retained earnings	(38,779)	(25,863)
Total share holder's equity	**111,221**	**124,137**
Total liabilities & share holder's equity	166,943	179,859

As per our report of even date

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

For and on behalf of the Board

R.Balaji
Membership No.202916

Mehta
Director

Director

Chennai, India
Date: 30th July 2016

NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD unless otherwise stated)

STATEMENT OF INCOME FOR THE YEAR/PERIOD

	Year ended Mar 31,2016	Year ended Mar 31,2015
Service income	-	-
Other income	-	-
Gross revenues	-	-
Cost of revenues	-	-
Gross profit	-	-
Selling, general & administrative expenses		
Fixed expenses	-	-
Variable expenses		
Other expenses	12916	-
Total expenses	-	-
Operating income	-	-
Interest expense		
Income before income taxes	-	-
Income taxes		
Net income/(loss)	(12916)	-

As per our report of even date

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

Chennai, India
Date: 30th July 2016

NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016.

Legal status and business activity:

NETWORK PROGRAMS (JAPAN), INC. USA, incorporated under the state laws of Delaware, USA. The Company was acquired as a wholly owned subsidiary by ACCEL FRONTLINE LIMITED, India, effective January 01, 2008. The company is primarily engaged in rendering software services. The Company has its branch in Tokyo, Japan.

The company did not have any operations during the year.

Significant Accounting Policies:

The Financial statements are prepared under the historical cost convention and in accordance with International accounting standards. The significant accounting policies adopted are as follows:

1. **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.

2. **Cash & Cash Equivalents:**

Cash and Cash equivalents comprise of cash and bank current account.

	2016	2015
Cash in hand	-	2,637
Cash at Bank	-	-
	-	2,637

NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD unless otherwise stated)

3. Trade & Other Assets

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

	2016	2015
Trade Receivables	65,433	75,712
	65,433	75,712
Other assets		
Loans & Advances	5,631	5,631
Security deposit	55,533	55,533
Advances to associate companies	40,346	40,346
	101,510	101,510

4. Liabilities & Provisions:

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

Due to different financial accounting period in Japan, the provision for Income Tax is normally charged to profit and loss account at the year end which falls in the month of December. The provisions for the remaining three months are not provided as it is being made at the financial year end prevailing in Japan.

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 balance sheet date.

Amount falling due within one year	2016	2015
Expense liabilities	19,261	19,261
Other liabilities	36,461	36,461
	55,722	55,722

The balances shown under current assets, other assets and liabilities are subject to confirmation

NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD unless otherwise stated)

5 Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as at March 31, 2015	150,000	(25,863)	124,137
Profit/(Loss) for the year ended March 31, 2016	-	(12,916)	(12,916)
Balance as at March 31, 2016	150,000	(38,779)	111,221

6. 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 from software services on the time-and- material basis is recognized based on software service rendered and billed to clients as per the terms of the specific contracts.

7. Number of Employees:

The number employees of the company as at March 31, 2016 were nil.

8. RELATED PARTIES TRANSACTION

Name of the Party	Nature of Relationship
Accel Frontline Limited, India	Holding company
Network Programs (USA), Inc., USA	Fellow Subsidiary
Accel Japan, Kabushiki Kaisha, Japan	Fellow Subsidiary

KEY MANAGERIAL PERSONNEL:

Shri. Malcolm F. Mehta	Director
Shri. R. Neelakantan	Director

NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD unless otherwise stated)

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

Particulars	**Fellow Subsidiary**
Other income	Nil (Nil)
Expenses	Nil (Nil)
Receivables	71,895 (71,895)
Payables	31,553 (35,940)
Maximum Amount Outstanding at any time During the year	71,895 (71,895)

10. RELATED PARTY INTEREST IN CONTRACTS:

The key persons of the company are neither directly nor indirectly interested in any contract with the company other than the following:

Shri. Malcolm F Mehta and Shri. R. Neelakantan are the key persons of the company and, Shri. Malcolm F Mehta is the Executive Director and Shri R. Neelakantan is the Chief Finance Officer of Accel Frontline Limited, the holding company.

11. Capital Commitments:

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

12. Contingent Liabilities:

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

NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD unless otherwise stated)

13. Audit Fees

	2016	**2015**
Statutory Audit Fees	-	-

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

R.Balaji
Membership No.202916

For and on behalf of the Board

Director

Director

Chennai, India
Date: 30th July 2016

(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.