

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 31st March 2017 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

■ Phone : (91) (44) 24993637
(91) (44) 24991644
(91) (44) 24980416

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, 2017, 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: 27th April 2017



Accel North America Inc. USA

Balance sheet as at

(All amounts in USD lakhs, unless otherwise stated)

	Notes	31-Mar-17 USD	31-Mar-16 USD
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	6.55	6.55
Reserves and surplus	2.2	(18.33)	(13.22)
		<u>(11.78)</u>	<u>(6.67)</u>
Non-current liabilities			
Long-term borrowings	2.3	9.53	13.80
		<u>9.53</u>	<u>13.80</u>
Current liabilities			
Short-term borrowings	2.4	0.08	0.10
Trade payables	2.5	16.70	4.73
Other current liabilities	2.6	11.52	9.20
		<u>28.30</u>	<u>14.03</u>
TOTAL		<u><u>26.05</u></u>	<u><u>21.16</u></u>
Assets			
Non-current assets			
Fixed assets	2.7		
Tangible assets - Net		-	0.19
		<u>-</u>	<u>0.19</u>
Current assets			
Trade receivables	2.8	8.50	16.68
Cash and bank balances	2.9	7.55	2.82
Short-term loans and advances	2.10	5.62	1.47
Other current assets	2.11	4.38	-
		<u>26.05</u>	<u>20.97</u>
TOTAL		<u><u>26.05</u></u>	<u><u>21.16</u></u>

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.28425

Chartered Accountants

R. Balaji

Membership No.202916



For and on behalf of the Board

M. Mehta
Director

P. Prabhakar
Director
MKC

Place: Chennai, India

Date : 27th April 2017

Statement of Profit and loss account for the year ended

(All amounts in USD lakhs, unless otherwise stated)

	Notes	31-Mar-17 USD	31-Mar-16 USD
Continuing operations			
Income			
Revenue from operations	3.1	58.66	63.89
Total revenue (I)		58.66	63.89
Expenses			
Cost of Services	3.2	27.19	32.86
Employee benefit expenses	3.3	27.22	25.36
Other expenses	3.4	8.51	10.81
Total (II)		62.92	69.03
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(4.26)	(5.14)
Depreciation and amortization expense	3.5	-	0.13
Finance costs (Net)	3.6	0.85	1.19
Profit/(loss) before tax		(5.11)	(6.46)
Prior Period expenses		-	0.99
Total tax expense		-	-
Profit/(loss) for the year from continuing operations		(5.11)	(7.45)

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

R. Balaji

Membership No.202916



For and on behalf of the Board

M Mehta
Director

[Signature]
Director
MK

Place: Chennai, India

Date : 27th April 2017

Accel North America Inc. USA

(All amounts in US Dollars in Lakhs, unless otherwise stated)

Cash Flow Statement for the period	March 31, 2017 USD	March 31, 2016 USD
Cash flows from operating activities		
Net profit / (loss) for the year before tax Adjustment for:	(5.11)	(7.45)
Financing costs	0.85	1.19
Depreciation on fixed assets	-	0.13
Operating profit / (loss) before reinvestment of capital	(4.26)	(6.13)
(Increase)/Decrease in Trade receivables	8.18	18.45
(Increase)/Decrease in current assets	(8.52)	(0.49)
Increase/(Decrease) in trade and other payables	14.28	1.19
Cash generated from / (used in) operations	9.68	13.02
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	0.19	(0.22)
Net cash flows from/ (used in) investing activities	0.19	(0.22)
Cash flows from financing activities:		
Equity investment	-	-
Borrowings	(4.29)	(9.70)
Financing costs	(0.85)	(1.19)
Net cash flows from/ (used in) financing activities	(5.14)	(10.89)
Net Increase/(decrease) in cash & cash equivalents	4.73	1.91
Cash & cash equivalents at the beginning of the year	2.82	0.91
Cash & Cash equivalents at end of the year	7.55	2.82

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 : 27th April 2017

For and on behalf of the Board

M. Mehta.

Director

(Handwritten signature)
Director
MR

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

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiary
Purchases		25,02,354	-
		(32,76,479)	-
Sales		-	-
Interest Paid	78,074		
	(1,08,351)		
Receivables		-	5,50,182
		-	(1,24,179)
Payables	21,485	16,72,626	-
	(35,951)	(3,92,645)	-
Loans Outstanding	18,00,000		
	(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, 2017.

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 : 27th April 2017

For and on behalf of the Board


Director


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, 2017 - USD	As at Mar 31, 2016 - USD
6.55	6.55
6.55	6.55

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

Total

As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
(13.22)	(5.77)
(5.11)	(7.45)
(18.33)	(13.22)

2.3 Long term borrowings

Loans and advances from related parties

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, 2017 - USD	As at Mar 31, 2016 - USD
9.53	13.80
9.53	13.80

2.4 Short term borrowings

Secured

Cash credit facility from banks

Total

As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
0.08	0.10
0.08	0.10

2.5 Trade payables

Dues to micro and small enterprises*

Dues to others

Total

As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
-	-
16.70	4.73
16.70	4.73

2.6 Other current liabilities

Term Loans from related party

Statutory dues payable

Other Payables

Total

As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
8.50	8.57
0.45	0.27
2.57	0.36
11.52	9.20

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Accel North America Inc. USA

2. Notes to the balance sheet

(All amounts in USD lakhs, unless otherwise stated)

2.7 Fixed Assets	As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
Particulars	Plant and machinery	Plant and machinery
Opening Gross Block 1st April	-	0.47
Additions	-	0.13
Closing Gross Block as at 31 March	-	0.60
Accumulated Depreciation as at 31 March	-	0.37
Accumulated Depreciation as at 31 March after regrouping	-	0.37
Depreciation/amortisation charge for the year	-	0.04
Accumulated Depreciation as at 31 March	-	0.40
Net block as at 31 March	-	0.19
2.8 Trade receivables	As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment		
Trade receivables	8.50	16.68
Considered doubtful	-	-
	8.50	16.68
Less:Provision for doubtful receivables	-	-
Total	8.50	16.68
Trade and other receivables are stated at the amounts estimated to be realized.		
2.9 Cash and Cash equivalents	As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
Cash on Hand		
Balances with Banks - on current accounts	7.55	2.82
Total	7.55	2.82
2.10 Short term loans and advances	As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
Loan to related parties	5.55	1.28
Employee advances	0.07	0.19
Total	5.62	1.47
2.11 Other current assets	As at Mar 31, 2017 - USD	As at Mar 31, 2016 - USD
Unbilled Revenue	4.38	-
Total	4.38	-

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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-17 In USD	31-Mar-16 In USD
Sale of services	58.66	63.89
Revenue from operations (net)	58.66	63.89

3.2 Cost of Services

	31-Mar-17 In USD	31-Mar-16 In USD
Sub-contracting and outsourcing cost	27.19	32.86
	27.19	32.86

3.3 Employee benefits expense

	31-Mar-17 In USD	31-Mar-16 In USD
Salaries, wages and bonus	27.22	25.36
Total	27.22	25.36

3.4 Other expenses

	31-Mar-17 In USD	31-Mar-16 In USD
Rent	1.16	1.24
Insurance	0.05	0.07
Rates and taxes	0.01	0.02
Communication costs	0.11	0.16
Travelling and conveyance	0.78	0.46
Freight and forwarding	0.01	0.02
Legal and professional fees	4.02	3.43
Advertising and sales promotion	0.06	0.15
Bad debts written off	1.87	4.93
Prior Period Expenses	-	0.99
Miscellaneous expenses	0.44	0.33
Total	8.51	11.80

3.5 Depreciation and amortization expense

	31-Mar-17 In USD	31-Mar-16 In USD
Depreciation of tangible assets	-	0.13
Total	-	0.13

3.6 Finance costs

	31-Mar-17 In USD	31-Mar-16 In USD
Interest	0.78	1.12
Bank charges & Commission	0.07	0.07
Total	0.85	1.19

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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, 2017

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, 2016	6.55	(13.22)	(6.67)
Profit/(Loss) for the year ending Mar 31, 2017	-	(5.11)	(5.11)
Balance as on March 31, 2017	6.55	(18.33)	(11.78)

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

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