

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 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

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Chennai 600 004, INDIA
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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, 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



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

	Notes	31-Mar-17 USD	31-Mar-16 USD
Equity and liabilities			
Shareholders' funds			
Share capital	1	1,50,000.00	1,50,000.00
Reserves and surplus	1	(38,779.00)	(38,779.00)
		1,11,221.00	1,11,221.00
Current liabilities			
Trade payables	2	36,461.00	36,461.00
Other current liabilities	2	3,868.00	3,868.00
Short-term provisions	2	15,393.00	15,393.00
		55,722.00	55,722.00
TOTAL		1,66,943.00	1,66,943.00
Assets			
Current assets			
Trade receivables	4	65,433.00	65,433.00
Cash and bank balances	5	-	-
Short-term loans and advances	6	1,01,510.00	1,01,510.00
		1,66,943.00	1,66,943.00
TOTAL		1,66,943.00	1,66,943.00

As per our report of even date

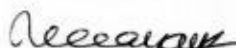
For S K RAM ASSOCIATES
 Firm Registration No. 2842S
 Chartered Accountants



R. Balaji
 Membership No. 202916



For and on behalf of the Board


 Director


 Director

Chennai, India
 Date: 27th April 2017


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

STATEMENT OF INCOME FOR THE YEAR/PERIOD

	Year ended Mar 31,2017	Year ended Mar 31,2016
Service income	-	-
Other income	-	-
Gross revenues	-	-
Cost of revenues	-	-
Gross profit	-	-
Selling, general & administrative expenses		
Fixed expenses	-	-
Variable expenses		
Other expenses	-	12,916
Total expenses	-	-
Operating income	-	-
Interest expense		
Income before income taxes	-	-
Income taxes		
Net income/(loss)	-	(12,916)

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: 27th April 2017

NETWORK PROGRAMS (JAPAN), INC. USA
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017.

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. Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as at March 31, 2016	150,000	(38,779)	111,221
Profit/(Loss) for the year ended March 31, 2017	-	-	-
Balance as at March 31, 2017	150,000	(38,779)	111,221

2. 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.

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

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	2017	2016
Other Liabilities & Provision	19,261	19,261
Trade Payables	36,461	36,461
	<u>55,722</u>	<u>55,722</u>

3. 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. Trade Receivables

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

	2017	2016
Trade Receivables	65,433	65,433
	<u>65,433</u>	<u>65,433</u>

5. Cash & Cash Equivalents:

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

	2017	2016
Cash in hand	-	-
Cash at Bank	-	-
	<u>-</u>	<u>-</u>

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

6. Short term loans & advances:

Loans & Advances	5,631	5,631
Security deposit	55,533	55,533
Advances to associate companies	40,346	40,346
	<u>101,510</u>	<u>101,510</u>

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

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 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.

8. Number of Employees:

The number employees of the company as at March 31, 2017 were nil.

9. 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

 M.F.M.

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

10. 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 (31,553)
Maximum Amount Outstanding at any time During the year	71,895 (71,895)

11. 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.

12. Capital Commitments:

The Company has no capital commitments, which would require disclosure as at March 31, 2017.

13. Contingent Liabilities:

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

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

14. Audit Fees

	2017	2016
Statutory Audit Fees	-	-

15. 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: 27th April 2017

NETWORK PROGRAMS (JAPAN), INC. USA
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Cash Flow Statement for the period

	2017	2016
Cash flows from operating activities		
Net profit / (loss) for the year before tax	-	-
Adjustment for:		
Depreciation on fixed assets	-	-
Liabilities Written back	-	-
Operating profit / (loss) before reinvestment of capital	-	-
(Increase)/Decrease in Trade receivables	-	-
(Increase)/Decrease in current assets	-	-
Increase/(Decrease) in trade and other payables	-	-
Cash generated from / (used in) operations	-	-
Tax (paid)	-	-
Net cash flows from operating activities	-	-
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	-	-
Net cash flows from/ (used in) investing activities	-	-
Cash flows from financing activities:		
Proceeds from share application money	-	-
Net cash flows from/ (used in) financing activities	-	-
Net Increase/(decrease) in cash & cash equivalents	-	-
Cash & cash equivalents at the beginning of the year	-	-
Exchange difference on translation	-	-
Cash & Cash equivalents at end of the year	-	-

As per our report of even date

For S.K.RAM ASSOCIATES

Firm Registration No. 12017
 Chartered Accountants



R. Balaji

Membership No. 202916

For and on behalf of the Board

[Signature]
 Director

[Signature]
 Director

Chennai, India
 Date: 27th April 2017