

# **Deloitte Haskins & Sells**

**Nucleus Software INC.**

Financial Statements for the period ended  
March 31, 2015 and Independent Auditor's  
report

# Deloitte Haskins & Sells

Chartered Accountants  
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India

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## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NUCLEUS SOFTWARE INC.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **NUCLEUS SOFTWARE INC.** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating 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 on the financial statements.



**Deloitte  
Haskins & Sells**

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its profit and its cash flows for the year ended on that date.

**Restriction on Distribution and Use**

These financial statements have been prepared to assist Nucleus Software Exports Limited ("the Holding Company") for preparation of its consolidated financial statements. As a result, the financial statements may not be suitable for any other purpose. Our report is intended solely for the purpose of preparation of the Consolidated Financial Statements of the Holding Company and should not be distributed or used for any other purpose.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)



**SAMEER ROHATGI**  
Partner  
(Membership No. 094039)

Noida,  
7 May, 2015

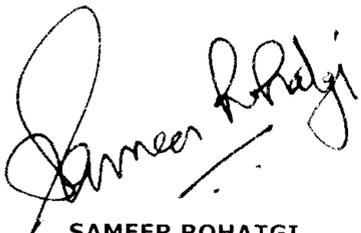
**NUCLEUS SOFTWARE INC.**  
**BALANCE SHEET AS AT 31 MARCH, 2015**

Notes Ref.	As at 31 March 2015 (USD)	As at 31 March 2014 (USD)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>1. SHAREHOLDERS' FUNDS</b>				
a. Share capital	2.1 350,000	350,000	21,875,000	20,958,000
b. Reserves and surplus	2.2 820,730	608,628	51,295,572	36,444,673
	<b>1,170,730</b>	<b>958,628</b>	<b>73,170,572</b>	<b>57,402,673</b>
<b>2. NON-CURRENT LIABILITIES</b>				
Long-term borrowings	2.3 -	100,000	-	5,988,000
<b>3. CURRENT LIABILITIES</b>				
a. Trade payables	2.4 471,771	789,195	29,485,715	47,256,967
b. Other current liabilities	2.5 193,658	270,140	12,103,638	16,175,983
c. Short-term provisions	2.6 122,116	467,357	7,632,262	27,985,337
	<b>787,545</b>	<b>1,526,692</b>	<b>49,221,615</b>	<b>91,418,287</b>
	<b>1,958,275</b>	<b>2,585,320</b>	<b>122,392,187</b>	<b>154,808,960</b>
<b><u>ASSETS</u></b>				
<b>1. NON-CURRENT ASSETS</b>				
a. Fixed assets				
- Tangible assets	2.7 13,061	22,542	816,312	1,349,813
- Intangible assets	2.7 151	1,914	9,438	114,611
	13,212	24,456	825,750	1,464,424
b. Long-term loans and advances	2.8 3,600	3,600	225,000	215,568
	<b>16,812</b>	<b>28,056</b>	<b>1,050,750</b>	<b>1,679,992</b>
<b>2. CURRENT ASSETS</b>				
a. Trade receivables	2.9 214,965	306,974	13,435,328	18,381,603
b. Cash and cash equivalents	2.10 171,345	847,193	10,709,057	50,729,917
c. Short-term loans and advances	2.11 94,241	65,592	5,890,068	3,927,649
d. Other current assets	2.12 1,460,912	1,337,505	91,306,984	80,089,799
	<b>1,941,463</b>	<b>2,557,264</b>	<b>121,341,437</b>	<b>153,128,968</b>
	<b>1,958,275</b>	<b>2,585,320</b>	<b>122,392,187</b>	<b>154,808,960</b>

See accompanying notes forming part of the 1 & 2 financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



**SAMEER ROHATGI**  
Partner  
Place : Noida  
Date : 7 May 2015

For and on behalf of the Board of Directors



**VISHNU R DUSAD**  
Director  
Place : Noida  
Date : 7 May 2015

**NUCLEUS SOFTWARE INC.**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015**

	Notes Ref.	Year ended 31 March 2015 (USD)	Year ended 31 March 2014 (USD)	Year ended 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>1. REVENUE FROM OPERATIONS</b>					
Sales and services	2.13	993,484	3,837,336	60,642,248	233,847,256
<b>2. OTHER INCOME</b>	2.14	221,297	500,000	13,507,969	30,470,000
<b>3. TOTAL REVENUE (1+2)</b>		<b>1,214,781</b>	<b>4,337,336</b>	<b>74,150,217</b>	<b>264,317,256</b>
<b>4. EXPENSES</b>					
a. Employee benefits expenses	2.15	385,463	249,525	23,528,641	15,206,054
b. Operating and other expenses	2.16	419,434	2,208,092	25,602,234	134,561,126
c. Finance cost	2.17	11,186	38,634	682,772	2,354,356
d. Depreciation and amortisation	2.7	12,159	11,232	742,199	684,478
<b>TOTAL EXPENSES</b>		<b>828,242</b>	<b>2,507,483</b>	<b>50,555,846</b>	<b>152,806,014</b>
<b>5. PROFIT BEFORE TAX (3-4)</b>		<b>386,539</b>	<b>1,829,853</b>	<b>23,594,370</b>	<b>111,511,242</b>
<b>6. TAX EXPENSE</b>					
a. Current tax		152,801	469,425	9,326,973	28,606,761
b. Withholding tax charged off		44,954	-	2,743,992	-
c. Tax relating to earlier years		(23,318)	-	(1,423,331)	-
<b>NET TAX EXPENSE</b>		<b>174,437</b>	<b>469,425</b>	<b>10,647,634</b>	<b>28,606,761</b>
<b>7. PROFIT FOR THE YEAR (5-6)</b>		<b>212,102</b>	<b>1,360,428</b>	<b>12,946,736</b>	<b>82,904,481</b>
<b>8. EARNINGS PER EQUITY SHARE</b>					
Equity shares of USD 0.35 each					
a. Basic and diluted	2.19	0.21	1.36	12.95	82.90
Number of shares used in computing earnings per share					
a. Basic and Diluted		1,000,000	1,000,000	1,000,000	1,000,000

See accompanying notes forming part of 1 & 2  
the financial statements

In terms of our report attached

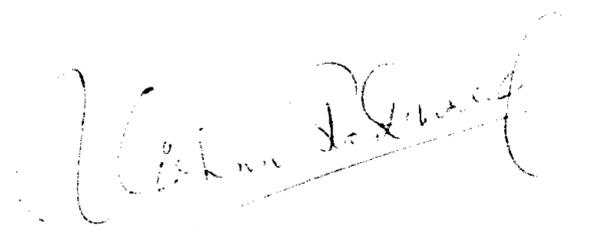
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



**SAMEER ROHATGI**  
Partner

Place : Noida  
Date : 7 May 2015

For and on behalf of the Board of Directors



**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 7 May 2015

**NUCLEUS SOFTWARE INC.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015**

Notes Ref.	Year ended 31 March 2015 (USD)	Year ended 31 March 2014 (USD)	Year ended 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>A. Cash flow from operating activities</b>				
Net profit / (loss) before tax	386,539	1,829,853	23,594,370	111,511,242
Depreciation and amortisation	12,159	11,232	742,199	684,478
Interest expenses	5,769	32,223	352,140	1,963,670
Excess liability/Provision written back	(78,459)	-	(4,789,137)	-
Doubtful debts provided / (reversed)	-	(500,000)	-	(30,470,000)
Exchange difference on translation of foreign currency accounts	-	-	1,232,846	67,968
<b>Operating profit/(loss) before working capital changes</b>	<b>326,008</b>	<b>1,373,308</b>	<b>21,132,418</b>	<b>83,757,358</b>
Adjustment for (increase)/decrease in operating assets				
Trade receivables	92,009	2,225,754	5,616,214	135,637,449
Other current assets	(123,407)	(1,337,505)	(7,532,748)	(81,507,555)
Short -term loans and advances	(28,649)	250,220	(1,748,735)	15,248,407
Adjustment for increase/(decrease) in operating liabilities				
Trade payables	(238,964)	(774,365)	(14,586,356)	(47,189,803)
Other current liabilities	(76,415)	(149,447)	(4,664,378)	(9,107,300)
Taxes paid	519,679	2,068	31,721,194	126,024
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(569,097)</b>	<b>1,585,897</b>	<b>(33,504,779)</b>	<b>96,712,532</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets	(982)	(1,525)	(59,941)	(92,934)
<b>Net cash from/ (used in) investing activities (B)</b>	<b>(982)</b>	<b>(1,525)</b>	<b>(59,941)</b>	<b>(92,934)</b>
<b>C. Cash flow from financing activities</b>				
Repayment of Long-term borrowings	(100,000)	(100,000)	(6,104,000)	(6,094,000)
Repayment of short-term borrowings	-	(750,000)	-	(45,705,000)
Interest expenses paid	(5,769)	(32,223)	(352,140)	(1,963,670)
<b>Net cash from/ (used in) financing activities (B)</b>	<b>(105,769)</b>	<b>(882,223)</b>	<b>(6,456,140)</b>	<b>(53,762,670)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(675,848)</b>	<b>702,149</b>	<b>(40,020,860)</b>	<b>42,856,929</b>
<b>Cash and cash equivalents at the beginning of the year</b>	2.10 <b>847,193</b>	2.10 <b>145,044</b>	<b>50,729,917</b>	<b>7,872,988</b>
<b>Cash and cash equivalents at the end of the year</b>	2.10 <b>171,345</b>	2.10 <b>847,193</b>	<b>10,709,057</b>	<b>50,729,917</b>

See accompanying notes forming part of the financial statements 1 & 2

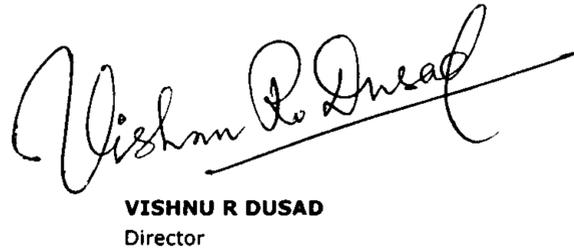
In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

  
**SAMEER ROHATGI**  
Partner

Place : Noida  
Date : 7 May 2015

For and on behalf of the Board of Directors

  
**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 7 May 2015



**NUCLEUS SOFTWARE INC.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**Note 1 :**

**1.1 Company Background**

Nucleus Software Inc. ('the Company') was incorporated on 5 August 1997 in the state of New Jersey (USA). The Company's entire share capital is held by Nucleus Software Exports Ltd., India ('the Holding Company'). The principal activities of the Company consists of dealing in software systems and providing support and technical advisory and consultancy services, which are executed through a service level agreement with the Holding Company.

**1.2. Significant accounting policies**

**(i) Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act, as applicable.

All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 129 (3) of the Companies Act, 2013 and the Balance Sheet has been restated to Indian rupees at exchange rate prevailing on the last day of the financial year and the statement of Profit and Loss and the Cash flow statement have been restated on the average exchange rate for the financial year.

The functional currency of the Company is USD. The translation from USD to Indian Rupees is unaudited.

**(ii) Use of estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known / materialise.

**(iii) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(iv) Cash and cash equivalents (for purpose of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of



**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(v) Fixed assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets are stated at the cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use. Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

**(vi) Depreciation**

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year

The management's estimates of the useful lives of the various fixed assets are as follows:

<b>Asset category</b>	<b>Useful life (in years)</b>
<b>Tangible asset</b>	
Office equipment	5
Computers	3
Furniture and fixtures	5
<b>Intangible asset</b>	
Software	3

**(vii) Revenue recognition**

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with the terms of the contract.

**(viii) Earnings per share**

Basic earnings per share are computed by dividing the Profit / Loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Profit / Loss after Tax by the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.



**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(ix) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of applicable local tax laws.

Income taxes are accrued in the same period the related revenue and expenses arise. The differences that result between the taxable profit and the profit as per the financial statements are identified and thereafter deferred tax assets or deferred tax liabilities are recorded as timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date for realisability.

**(x) Impairment**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

**(xi) Provisions and Contingencies**

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

**(xii) Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**(xiii) Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March 2015 (USD)	As at 31 March 2014 (USD)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>2.1 SHARE CAPITAL</b>				
<b>a. Authorised</b>				
Equity Shares 1,000,000 (1,000,000) equity shares of USD 0.35 per share	350,000	350,000	21,875,000	20,958,000
<b>b. Issued, subscribed and paid-Up</b>				
1,000,000 (1,000,000) equity shares of USD 0.35 each, fully paid up Refer notes (i) to (iii) below :-	350,000	350,000	21,875,000	20,958,000
Notes :				
(i) <b>Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :-</b>				
As at beginning of the year				
- Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
- Amount	350,000	350,000	20,958,000	18,998,000
Shares issued/(bought back) during the year				
- Number of shares	-	-		
- Amount	-	-		
As at end of the year				
- Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
- Amount	350,000	350,000	21,875,000	20,958,000
(ii) <b>Rights, preferences and restrictions attached to shares :-</b>				
The Company has one class of equity shares having a par value of USD 0.35 each. Each shareholder is eligible for one vote per share held.				
(iii) <b>Details of share held by the Holding Company :-</b>				
Nucleus Software Exports Limited				
- Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
- Percentage	100%	100%	100%	100%
- Amount	350,000	350,000	21,875,000	20,958,000
<b>2.2 RESERVES AND SURPLUS</b>				
<b>a. Surplus/ (Deficit) in Statement of Profit and Loss</b>				
Opening balance	608,628	(751,800)	49,124,767	(33,779,714)
Add: Profit / (Loss) for the year	212,102	1,360,428	12,946,736	82,904,481
Closing balance	<b>820,730</b>	<b>608,628</b>	<b>62,071,503</b>	<b>49,124,767</b>
<b>b. Currency translation reserve</b>				
Opening balance	-	-	(12,680,094)	(7,027,990)
Add: Created during the year	-	-	1,904,163	(5,652,104)
Closing balance	-	-	<b>(10,775,931)</b>	<b>(12,680,094)</b>
	<b>820,730</b>	<b>608,628</b>	<b>51,295,572</b>	<b>36,444,673</b>

**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March 2015 (USD)	As at 31 March 2014 (USD)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>2.3 LONG-TERM BORROWINGS (Unsecured)</b>				
Loan from Holding Company	100,000	200,000	6,250,000	11,976,000
Less : Current maturities of long term loan	(100,000)	(100,000)	(6,250,000)	(5,988,000)
	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>5,988,000</u>
Note :				
The Company had taken loan amounting to USD 500,000 from Nucleus Software Exports Limited, the Holding Company, repayable in annual installments of USD 100,000 each on 31 December every year. The Company has repaid USD 400,000 till the year ended 31 March, 2015 and will pay balance amount on or before 31 December, 2015.				
Interest on the above loan is payable @ 3% over Libor for six months.				
<b>2.4 TRADE PAYABLES</b>				
a. Trade payables				
- Others	72,277	510,089	4,517,340	30,544,099
b. Due to related parties (refer note 2.18)				
- Holding Company	236,303	115,915	14,768,937	6,940,990
- Fellow subsidiary	163,191	163,191	10,199,438	9,771,878
	<u>471,771</u>	<u>789,195</u>	<u>29,485,715</u>	<u>47,256,967</u>
<b>2.5 OTHER CURRENT LIABILITIES</b>				
a. Current maturities of long term loan				
- Holding Company	100,000	100,000	6,250,000	5,988,000
b. Interest accrued but not due				
- Loan from Holding Company	1,311	2,942	81,938	176,167
c. Payable for capital goods	915	982	57,207	58,802
d. Advance billing	67,000	146,674	4,187,500	8,782,839
e. Advance from customer	24,432	19,542	1,526,993	1,170,175
	<u>193,658</u>	<u>270,140</u>	<u>12,103,638</u>	<u>16,175,983</u>
<b>2.6 SHORT-TERM PROVISIONS</b>				
e. Provision for income tax (Net of advance tax of USD 30,693 (Previous year Nil)	<u>122,116</u>	<u>467,357</u>	<u>7,632,262</u>	<u>27,985,337</u>

NUCLEUS SOFTWARE INC.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.7 FIXED ASSETS

(Amounts in USD)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April 2014	Additions	Currency Translation	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	Currency Translation	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
<b>A. Tangible assets</b>										
Office and other equipment	4,896 (3,371)	- (1,525)	- -	4,896 (4,896)	1,195 (241)	979 (954)	- -	2,174 (1,195)	2,722 (3,701)	3,701 (3,130)
Computers	34,532 (34,532)	915 -	- -	35,447 (34,532)	17,584 (8,951)	8,911 (8,633)	- -	26,495 (17,584)	8,952 (16,948)	16,948 (25,581)
Furniture and fixtures	15,205 (15,205)	- -	- -	15,205 (15,205)	13,312 (12,792)	506 (520)	- -	13,818 (13,312)	1,387 (1,893)	1,893 (2,414)
	<b>54,633</b> <b>(53,108)</b>	<b>915</b> <b>(1,525)</b>	<b>-</b> <b>(-)</b>	<b>55,548</b> <b>(54,633)</b>	<b>32,091</b> <b>(21,984)</b>	<b>10,396</b> <b>(10,107)</b>	<b>-</b> <b>(-)</b>	<b>42,487</b> <b>(32,091)</b>	<b>13,061</b> <b>(22,542)</b>	<b>22,542</b> <b>(31,125)</b>
<b>B. Intangible assets</b>										
Software	3,377 (3,377)	- -	- -	3,377 (3,377)	1,463 (338)	1,763 (1,125)	- -	3,226 (1,463)	151 (1,914)	1,914 (3,039)
<b>Current year</b>	<b>58,010</b>	<b>915</b>	<b>-</b>	<b>58,925</b>	<b>33,554</b>	<b>12,159</b>	<b>-</b>	<b>45,713</b>	<b>13,212</b>	<b>24,456</b>
<b>Previous year</b>	<b>(56,485)</b>	<b>(1,525)</b>	<b>(-)</b>	<b>(58,010)</b>	<b>(22,322)</b>	<b>(11,232)</b>	<b>(-)</b>	<b>(33,554)</b>	<b>(24,456)</b>	

(Amounts in Rupees) (Unaudited - Refer note 1.2(i))

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April 2014	Additions	Currency Translation	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	Currency Translation	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
<b>A. Tangible assets</b>										
Office and other equipment	293,172 (182,978)	- (92,934)	(12,828) ((17,260))	306,000 (293,172)	71,557 (13,081)	59,769 (58,136)	(4,549) ((340))	135,875 (71,557)	170,125 (221,615)	221,615 (169,897)
Computers	2,067,776 (1,874,397)	54,809 -	(92,852) (193,379)	2,215,437 (2,067,776)	1,052,930 (485,860)	543,897 (526,095)	(59,111) ((40975))	1,655,938 (1,052,930)	559,499 (1,014,846)	1,014,846 (1,388,537)
Furniture and fixtures	910,475 (825,327)	- -	(39,838) ((85,148))	950,313 (910,475)	797,123 (694,350)	30,904 (31,689)	(35,598) ((710,84))	863,625 (797,123)	86,688 (113,352)	113,352 (130,977)
	<b>3,271,423</b> <b>(2,882,702)</b>	<b>54,809</b> <b>(92,934)</b>	<b>(145,518)</b> <b>((220,883))</b>	<b>3,471,750</b> <b>(3,271,423)</b>	<b>1,921,610</b> <b>(1,193,291)</b>	<b>634,570</b> <b>(615,920)</b>	<b>(99,258)</b> <b>((197,742))</b>	<b>2,655,438</b> <b>(1,921,610)</b>	<b>816,312</b> <b>(1,349,813)</b>	<b>1,349,813</b> <b>(1,388,537)</b>
<b>B. Intangible assets</b>										
Software	202,215 (183,304)	- ((202,215))	(8,848) ((221,126))	211,063 (202,215)	87,604 (18,347)	107,628 (68,558)	(6,393) ((699))	201,625 (87,604)	9,438 (114,611)	114,611 (164,957)
<b>Current year</b>	<b>3,473,638</b>	<b>54,809</b>	<b>(154,366)</b>	<b>3,682,813</b>	<b>2,009,214</b>	<b>742,198</b>	<b>(105,651)</b>	<b>2,857,063</b>	<b>825,750</b>	<b>1,464,424</b>
<b>Previous year</b>	<b>(3,066,006)</b>	<b>((109,281))</b>	<b>((516,913))</b>	<b>(3,473,638)</b>	<b>(1,211,638)</b>	<b>(684,478)</b>	<b>((113,098))</b>	<b>(2,009,214)</b>	<b>(1,464,424)</b>	

Note: Figures in bracket pertains to previous year.

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Particulars	As at 31 March 2015 (USD)	As at 31 March 2014 (USD)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>2.8 LONG-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)				
Security deposits	<u>3,600</u>	<u>3,600</u>	<u>225,000</u>	<u>215,568</u>
<b>2.9 TRADE RECEIVABLES</b> (Unsecured, considered good)				
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-	-	-
b. Other trade receivables	214,965	306,974	13,435,328	18,381,603
	<u>214,965</u>	<u>306,974</u>	<u>13,435,328</u>	<u>18,381,603</u>
<b>2.10 CASH AND CASH EQUIVALENTS</b>				
Balance with non scheduled bank in current account :				
- PNC Bank	48,255	24,406	3,015,932	1,461,431
- Citibank	123,090	822,787	7,693,125	49,268,486
	<u>171,345</u>	<u>847,193</u>	<u>10,709,057</u>	<u>50,729,917</u>
<b>2.11 SHORT-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)				
a. Prepaid expenses	94,072	65,544	5,879,489	3,924,775
b. Supplier advances	40	-	2,492	-
c. Loans and advances to employee	129	48	8,087	2,874
	<u>94,241</u>	<u>65,592</u>	<u>5,890,068</u>	<u>3,927,649</u>
<b>2.12 OTHER CURRENT ASSETS</b> Unsecured, considered good				
a. Service income accrued but not due	-	19,431	-	1,163,528
b. Insurance claim receivable from Holding company (refer note 2.22)	1,460,912	1,318,074	91,306,984	78,926,271
	<u>1,460,912</u>	<u>1,337,505</u>	<u>91,306,984</u>	<u>80,089,799</u>

**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended 31 March 2015 (USD)	Year ended 31 March 2014 (USD)	Year ended 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>2.13 SALES AND SERVICES</b>				
a. Software development services	538,065	3,837,336	32,843,472	233,847,256
b. Service income from Holding company	455,419	-	27,798,776	-
	<b>993,484</b>	<b>3,837,336</b>	<b>60,642,248</b>	<b>233,847,256</b>
<b>2.14 OTHER INCOME</b>				
a. Excess insurance claim received (refer note 2.22)	142,838	-	8,718,832	-
b. Excess liability/provision written back	78,459	-	4,789,137	-
c. Provision for doubtful debts, written back	-	500,000	-	30,470,000
	<b>221,297</b>	<b>500,000</b>	<b>13,507,969</b>	<b>30,470,000</b>
<b>2.15 EMPLOYEE BENEFITS EXPENSES</b>				
a. Salaries and wages	376,766	246,467	22,997,803	15,019,699
b. Staff welfare	8,697	3,058	530,838	186,355
	<b>385,463</b>	<b>249,525</b>	<b>23,528,641</b>	<b>15,206,054</b>
<b>2.16 OPERATING AND OTHER EXPENSES</b>				
a. Outsourced technical service expenses	216,085	1,809,093	13,189,857	110,246,127
b. Rent	23,210	21,780	1,416,738	1,327,273
c. Rates and taxes	3,108	-	189,723	-
d. Power and fuel	5,219	6,737	318,542	410,552
e. Travelling	12,313	9,852	751,560	600,381
f. Insurance	-	2,658	-	161,979
g. Legal and professional charges (refer note i below)	23,687	274,521	1,445,847	16,729,310
h. Communication	6,658	8,096	406,423	493,370
i. Information technology expenses	111	2,536	6,762	154,544
j. Repair & Maintenance	956	-	58,339	-
k. Security charges	-	24,406	-	1,487,302
l. Advertisement, business development and promotion	96,282	-	5,877,078	-
m. Net loss on foreign currency transactions	20	-	1,230	-
n. Training & Recruitment	30,400	20,150	1,855,616	1,227,941
o. Customer claims	-	25,000	-	1,523,500
p. Miscellaneous expenses	1,385	3,263	84,519	198,847
	<b>419,434</b>	<b>2,208,092</b>	<b>25,602,234</b>	<b>134,561,126</b>
<b>Note (i) : Legal and Professional expenses include:</b>				
Audit fees	<b>12,195</b>	<b>10,000</b>	<b>744,409</b>	<b>609,400</b>
<b>2.17 FINANCE COST</b>				
a. Bank charges	5,417	6,411	330,632	390,686
b. Interest on loan from :-				
Holding company	5,769	8,970	352,140	546,632
Fellow subsidiary	-	23,253	-	1,417,038
	<b>11,186</b>	<b>38,634</b>	<b>682,772</b>	<b>2,354,356</b>

NUCLEUS SOFTWARE INC.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.18 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

- a. **Holding Company**  
- Nucleus Software Exports Limited, India
- b. **Other related parties with whom transactions have taken place during the year**
- Fellow Subsidiary**  
- Nucleus Software Solutions Pte. Ltd., Singapore  
- Nucleus Software Japan Kabushiki Kaisha, Japan

Particulars	Year ended 31 March 2015 (USD)	Year ended 31 March 2014 (USD)	Year ended 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>Transactions with related parties</b>				
<b>a. Service income</b>				
- Nucleus Software Exports Limited	455,419	-	27,798,776	-
<b>b. Excess Insurance claim received (refer note 2.22)</b>				
- Nucleus Software Exports Limited	142,838	-	8,718,832	-
<b>c. Outsourced technical service expenses</b>				
- Nucleus Software Exports Limited	153,925	313,693	9,395,606	19,116,451
<b>d. Interest on Loan</b>				
- Nucleus Software Exports Limited	5,769	8,970	352,140	546,632
- Nucleus Software Solutions Pte. Ltd.	-	23,253	-	1,417,038
<b>e. Reimbursement of expenses</b>				
- Nucleus Software Exports Limited	726	36,997	44,315	2,254,590
<b>f. Loan repayment during the year</b>				
- Nucleus Software Exports Limited	100,000	100,000	6,104,000	6,094,000
- Nucleus Software Solutions Pte. Ltd.	-	750,000	-	45,705,000

Outstanding balances as at year end

Particulars	As at 31 March 2015 (USD)	As at 31 March 2014 (USD)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) Refer note 1.2 (i)
<b>a. Insurance claim receivable</b>				
- Nucleus Software Exports Limited	1,460,912	1,318,074	91,306,984	78,926,271
<b>b. Trade receivable</b>				
- Nucleus Software Exports Limited	88,115	-	5,507,203	-
<b>c. Short term loan and advances</b>				
- Nucleus Software Exports Limited	77,720	-	4,857,489	-
<b>d. Trade payables</b>				
- Nucleus Software Exports Limited	236,303	115,915	14,768,937	6,940,990
- Nucleus Software Japan Kabushiki Kaisha	163,191	163,191	10,199,438	9,771,877
<b>e. Loan outstanding</b>				
- Nucleus Software Exports Limited	100,000	200,000	6,250,000	11,976,000
- Nucleus Software Solutions Pte. Ltd.	-	-	-	-
<b>f. Interest accrued but not due</b>				
- Nucleus Software Exports Limited	1,311	2,942	81,938	176,167

NUCLEUS SOFTWARE INC.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(USD)	(USD)	(Rupees)	(Rupees)
			(Unaudited)	(Unaudited)
			Refer note 1.2 (i)	Refer note 1.2 (i)

**2.19 EARNINGS PER SHARE**

**Basic and Diluted**

a. Profit after tax	212,102	1,360,428	12,946,736	82,904,481
b. Weighted average number of equity shares	1,000,000	1,000,000	1,000,000	1,000,000
c. Earnings per share	0.21	1.36	12.95	82.90

**2.20 SEGMENT REPORTING**

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting is required in the financial statements.

**2.21 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)**

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(USD)	(USD)	(Rupees)	(Rupees)
			(Unaudited)	(Unaudited)
			Refer note 1.2 (i)	Refer note 1.2 (i)
Sales and services	993,484	3,837,336	60,642,248	233,847,256
Software development expenses	584,456	1,809,093	35,675,174	110,246,127
<b>Gross Profit</b>	<b>409,028</b>	<b>2,028,243</b>	<b>24,967,074</b>	<b>123,601,129</b>
Selling and marketing expenses	120,933	217,084	7,381,723	13,229,100
General and administration expenses	110,694	470,074	6,756,751	28,646,309
<b>Operating profit before depreciation</b>	<b>177,401</b>	<b>1,341,085</b>	<b>10,828,600</b>	<b>81,725,720</b>
Depreciation and amortisation expense	12,159	11,232	742,199	684,478
<b>Operating profit after depreciation</b>	<b>165,242</b>	<b>1,329,853</b>	<b>10,086,401</b>	<b>81,041,242</b>
Other income	221,297	500,000	13,507,969	30,470,000
<b>Profit before taxation</b>	<b>386,539</b>	<b>1,829,853</b>	<b>23,594,370</b>	<b>111,511,242</b>
Tax Expense :				
Net current tax expense	174,437	469,425	10,647,634	28,606,761
<b>Profit after taxation</b>	<b>212,102</b>	<b>1,360,428</b>	<b>12,946,736</b>	<b>82,904,481</b>

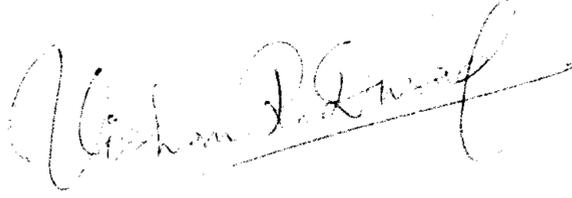


**NUCLEUS SOFTWARE INC.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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- 2.22 During the year ended 31 March, 2014, the Company has settled a customer claim for USD 1,230,000 which was covered under liability insurance cover taken by the Holding Company. Accordingly, the Company had recognised an insurance claim recoverable for USD 1,318,074 towards insurance claim lodged by Holding Company. During the current year, the Holding Company has received USD 1,460,912 against the above claim from the insurer and acknowledged the above claim amount as being payable to the Company.
- 2.23 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For and on behalf of the Board of Directors**



**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 7 May 2015

