

NUCLEUS SOFTWARE INC.

Financial Statements for the year ended
March 31, 2016 and Independent
Auditor's report

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

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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, 2016, 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 is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the 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 prescribed under Section 133 of the Act, as applicable. 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



Deloitte Haskins & Sells

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.

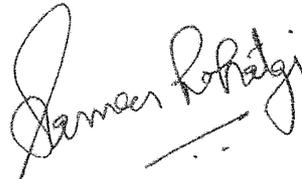
Opinion

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, 2016, and its loss and its cash flows for the year ended on that date.

Restriction on Distribution and Use

The financial statements are prepared to assist the Holding Company for preparation of 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,
3 May, 2016

NUCLEUS SOFTWARE INC.
BALANCE SHEET AS AT 31 MARCH 2016

	Notes Ref.	As at 31 March 2016 (USD)	As at 31 March 2015 (USD)	As at 31 March 2016 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)
<u>EQUITY AND LIABILITIES</u>					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	350,000	350,000	23,191,000	21,875,000
b. Reserves and surplus	2.2	790,053	820,730	52,348,932	51,295,572
		1,140,053	1,170,730	75,539,932	73,170,572
2. NON-CURRENT LIABILITIES					
Long-term borrowings	2.3	-	-	-	-
3. CURRENT LIABILITIES					
a. Trade payables	2.4				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		76,778	471,771	5,087,310	29,485,715
b. Other current liabilities	2.5	96,145	193,658	6,370,543	12,103,638
c. Short-term provisions	2.6	302	122,116	20,042	7,632,262
		173,225	787,545	11,477,895	49,221,615
		1,313,278	1,958,275	87,017,827	122,392,187
<u>ASSETS</u>					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.7	3,570	13,061	236,548	816,312
- Intangible assets	2.7	-	151	-	9,438
		3,570	13,212	236,548	825,750
b. Long-term loans and advances	2.8	-	3,600	-	225,000
		3,570	16,812	236,548	1,050,750
2. CURRENT ASSETS					
a. Trade receivables	2.9	141,979	214,965	9,407,529	13,435,328
b. Cash and bank balances	2.10	1,082,726	171,345	71,741,425	10,709,057
c. Short-term loans and advances	2.11	83,803	94,241	5,552,813	5,890,068
d. Other current assets	2.12	1,200	1,460,912	79,512	91,306,984
		1,309,708	1,941,463	86,781,279	121,341,437
		1,313,278	1,958,275	87,017,827	122,392,187

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

SAMEER ROHATGI
Partner
Place : Noida
Date : 03 May 2016



(Signature)

VISHNU R DUSAD
Director
Place : Noida
Date : 03 May 2016

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NUCLEUS SOFTWARE INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended	Year ended	Year ended	Year ended
	Ref.	31 March 2016	31 March 2015	31 March 2016	31 March 2015
		(USD)	(USD)	(Rupees) (Unaudited) Refer note 1.2 (i)	(Rupees) (Unaudited) Refer note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.13	621,755	993,484	40,619,270	60,642,248
2. OTHER INCOME	2.14	-	221,297	-	13,507,969
3. TOTAL REVENUE (1+2)		621,755	1,214,781	40,619,270	74,150,217
4. EXPENSES					
a. Employee benefits expenses	2.15	393,083	385,463	25,680,087	23,528,641
b. Operating and other expenses	2.16	229,069	419,434	14,965,093	25,602,234
c. Finance cost	2.17	8,083	11,186	528,050	682,772
d. Depreciation and amortisation	2.7	7,017	12,159	458,432	742,199
TOTAL EXPENSES		637,252	828,242	41,631,662	50,555,846
5. PROFIT / (LOSS) BEFORE TAX (3-4)		(15,497)	386,539	(1,012,392)	23,594,371
6. TAX EXPENSE					
a. Current tax		2,300	152,801	150,259	9,326,973
b. Withholding tax charged off		23,909	44,954	1,561,981	2,743,992
c. Tax expense relating to prior years		(11,029)	(23,318)	(720,525)	(1,423,331)
NET TAX EXPENSE		15,180	174,437	991,715	10,647,634
7. PROFIT / (LOSS) FOR THE YEAR (5-6)		(30,677)	212,102	(2,004,107)	12,946,737
8. EARNINGS PER EQUITY SHARE					
Equity shares of USD 0.35 each					
a. Basic and diluted	2.20	(0.03)	0.21	(2.00)	12.95
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 the 1 & 2 financial statements

In terms of our report attached

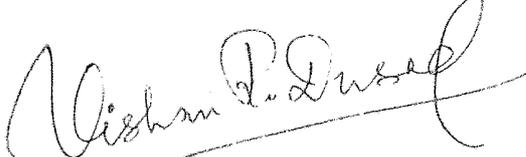
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors


SAMEER ROHATGI
Partner

Place : Noida
Date : 03 May 2016




VISHNU R DUSAD
Director

Place : Noida
Date : 03 May 2016

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NUCLEUS SOFTWARE INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Notes Ref.	Year ended 31 March 2016 (USD)	Year ended 31 March 2015 (USD)	Year ended 31 March 2016 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)
A. Cash flow from operating activities				
Net profit / (loss) before tax	(15,497)	386,539	(1,012,392)	23,594,371
Depreciation and amortisation	7,017	12,159	458,432	742,199
Interest expenses	1,960	5,769	128,047	352,140
Excess liability/Provision written back	-	(78,459)	-	(4,789,137)
Doubtful debts provided / (reversed)	3,600	-	-	-
Adjustments for:			235,188	-
Exchange difference on translation of foreign currency accounts			1,491,795	1,232,845
Operating profit/(loss) before working capital changes	(2,920)	326,008	1,301,070	21,132,418
Adjustment for (increase)/decrease in operating assets				
Trade receivables	72,986	92,009	4,768,192	5,616,214
Other current assets	1,462,335	(123,407)	95,534,331	(7,532,748)
Short-term loans and advances	10,438	(28,649)	681,915	(1,748,735)
Adjustment for increase/(decrease) in operating liabilities				
Trade payables	(394,993)	(238,964)	(25,804,921)	(14,586,356)
Other current liabilities	2,486	(76,415)	162,438	(4,664,378)
Taxes paid	1,150,332	(49,418)	76,643,025	(1,783,585)
Net cash flow from/(used in) operating activities (A)	1,013,341	(569,097)	67,693,415	(33,504,779)
B. Cash flow from investing activities				
Purchase of fixed assets	-	(982)	-	(59,941)
Net cash from/ (used in) investing activities (B)	-	(982)	-	(59,941)
C. Cash flow from financing activities				
Repayment of Long-term borrowings	(100,000)	(100,000)	(6,533,000)	(6,104,000)
Interest expenses paid	(1,960)	(5,769)	(128,047)	(352,140)
Net cash from/ (used in) financing activities (B)	(101,960)	(105,769)	(6,661,047)	(6,456,141)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	911,381	(675,848)	61,032,368	(40,020,860)
Cash and cash equivalents at the beginning of the year	171,345	847,193	10,709,057	50,729,917
Cash and cash equivalents at the end of the year	1,082,726	171,345	71,741,425	10,709,057

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

SAMEER ROHATGI
Partner

VISHNU R DUSAD
Director

Place : Noida
Date : 03 May 2016

Place : Noida
Date : 03 May 2016



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NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 specified under Section 133 of the Companies Act, 2013 as applicable. Adopted consistently by the company.

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

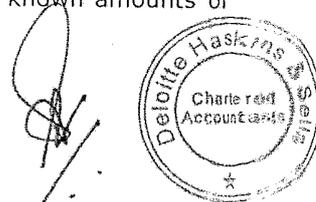
The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements 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 acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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:

Asset category	Useful life (in years)
Tangible asset	
Office equipment	5
Computers	3
Furniture and fixtures	5
Intangible asset	
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.

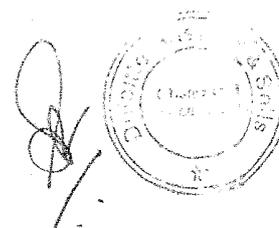
Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Revenue from service income for sale and marketing fee from Holding Company is recognised on rendering of services and in accordance with the terms of the contract.

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.



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NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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.

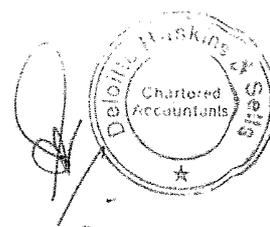
A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is 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	As at	As at	As at
	31 March 2016 (USD)	31 March 2015 (USD)	31 March 2016 (Rupees) (Unaudited) Refer note 1.2 (i)	31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)
2.1 SHARE CAPITAL				
a. Authorised				
Equity Shares				
1,000,000 (1,000,000) equity shares of USD 0.35 per share	350,000	350,000	23,191,000	21,875,000
b. Issued, subscribed and paid-Up				
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	23,191,000	21,875,000

Notes :

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :-

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	21,875,000	20,958,000
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	23,191,000	21,875,000

(ii) Rights, preferences and restrictions attached to shares :-

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) Details of share held by the Holding Company :-

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	23,191,000	21,875,000

2.2 RESERVES AND SURPLUS

a. Surplus/ (Deficit) in Statement of Profit and Loss

Opening balance	820,730	608,628	62,071,503	49,124,767
Add: Profit / (Loss) for the year	(30,677)	212,102	(2,004,107)	12,946,736
Closing balance	<u>790,053</u>	<u>820,730</u>	<u>60,067,396</u>	<u>62,071,503</u>

b. Currency translation reserve

Opening balance	-	-	(10,775,931)	(12,680,094)
Add: Created during the year	-	-	3,057,468	1,904,163
Closing balance	<u>-</u>	<u>-</u>	<u>(7,718,464)</u>	<u>(10,775,931)</u>
	<u>790,053</u>	<u>820,730</u>	<u>52,348,932</u>	<u>51,295,572</u>




NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2016 (USD)	As at 31 March 2015 (USD)	As at 31 March 2016 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March 2015 (Rupees) (Unaudited) Refer note 1.2 (i)
2.3 LONG-TERM BORROWINGS (Unsecured)				
Loan from Holding Company	-	100,000	-	6,250,000
Less : Current maturities of long term loan	-	(100,000)	-	(6,250,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 had repaid USD 500,000 till the year ended 31 March, 2016.				
Interest on the above loan is payable @ 3% over Libor for six months.				
2.4 TRADE PAYABLES				
a. Trade payables				
i) Total outstanding dues of micro enterprises and small enterprises (see note below)				
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17,098	72,277	1,132,913	4,517,340
b. Due to related parties (refer note 2.18)				
- Holding Company	59,680	236,303	3,954,397	14,768,938
- Fellow subsidiary	-	163,191	-	10,199,438
	<u>76,778</u>	<u>471,771</u>	<u>5,087,310</u>	<u>29,485,715</u>
2.5 OTHER CURRENT LIABILITIES				
a. Current maturities of long term loan				
- Holding Company	-	100,000	-	6,250,000
b. Interest accrued but not due				
- Loan from Holding Company	-	1,311	-	81,938
c. Payable for capital goods	-	915	-	57,208
d. Advance from customer / Advance billing	96,145	91,432	6,370,543	5,714,493
	<u>96,145</u>	<u>193,658</u>	<u>6,370,543</u>	<u>12,103,638</u>
2.6 SHORT-TERM PROVISIONS				
a. Provision for income tax [net of advance tax Nil (previous year USD 30,693)]	302	122,116	20,042	7,632,262



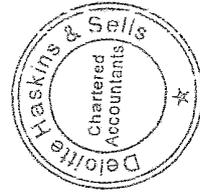

**NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

2.3 FIXED ASSETS

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1 April 2015	Additions	Deletion	Currency Translation	As at 31 March 2016	Depreciation for the year	Currency Translation	Deductions/ adjustment	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
A. Tangible assets											
Office and other equipment	4,896 (4,896)	-	4,896	(-)	(4,896)	979 (979)	-	3,153 (-)	(2,174)	-	2,722 (3,701)
Computers	35,447 (34,532)	(815)	-	(-)	35,447 (35,447)	5,382 (8,911)	-	-	31,877 (36,495)	3,570 (8,952)	8,952 (16,948)
Furniture and fixtures	15,205 (15,205)	(-)	15,205	(-)	(15,205)	506 (506)	-	14,324	(13,818)	-	1,387 (1,893)
B. Intangible assets											
Software	55,548 (54,633)	(915)	20,101	(-)	35,447 (40,343)	6,867 (10,396)	(-)	-	31,877 (42,487)	3,570 (13,061)	13,061 (22,542)
Current year	3,377 (3,377)	(-)	(-)	(-)	3,377 (3,377)	150 (1,763)	-	-	3,377 (3,226)	-	151 (1,914)
Previous year	58,925 (58,010)	(915)	20,101 (-)	(-)	38,824 (58,925)	7,017 (12,159)	-	17,477 (-)	35,254 (45,713)	3,570 (13,212)	13,212

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1 April 2015	Additions	Deletion	Currency Translation	As at 31 March 2016	Depreciation for the year	Currency Translation	Deductions/ adjustment	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
A. Tangible assets											
Office and other equipment	306,000 (293,172)	-	306,000	(-)	(306,000)	63,970 (59,769)	6,167 (4,549)	206,012	(135,875)	(170,125)	170,125 (221,615)
Computers	2,215,437 (2,067,776)	(54,809)	-	(-)	2,348,739 (2,215,437)	351,601 (543,897)	104,652 (59,111)	-	2,112,191 (1,655,938)	236,548 (559,499)	559,495 (1,014,846)
Furniture and fixtures	950,313 (910,475)	-	950,313	(-)	(950,313)	33,076 (30,904)	39,086 (35,598)	935,787	(863,625)	(86,688)	86,688 (113,352)
B. Intangible assets											
Software	3,471,750 (3,271,423)	(54,809)	1,256,313	(-)	2,348,739 (3,471,750)	448,647 (634,570)	149,905 (99,258)	1,141,799	2,112,191 (2,655,438)	236,548 (816,312)	816,312 (1,349,813)
Current year	211,063 (202,215)	-	-	(-)	223,760 (211,063)	9,784 (107,628)	12,351 (6,393)	-	223,760 (201,625)	(9,438)	9,438 (114,611)
Previous year	3,682,813 (3,473,636)	(54,809)	1,256,313 (-)	(-)	2,572,499 (3,682,813)	458,431 (742,198)	162,256 (105,651)	1,141,799 (-)	2,335,951 (2,857,063)	236,548 (825,750)	825,750 (1,464,424)

Note: Figures in bracket pertain to previous year



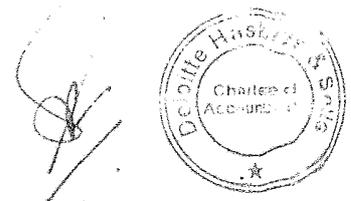
NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(USD)	(USD)	(Rupees)	(Rupees)
			(Unaudited)	(Unaudited)
			Refer note 1.2 (i)	Refer note 1.2 (i)
2.8 LONG-TERM LOANS AND ADVANCES				
(Unsecured, considered doubtful)				
Security deposits	3,600	3,600	238,536	225,000
Less : Provision for doubtful deposit	(3,600)	-	(238,536)	-
	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>225,000</u>
2.9 TRADE RECEIVABLES				
(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	141,979	214,965	9,407,529	13,435,328
	<u>141,979</u>	<u>214,965</u>	<u>9,407,529</u>	<u>13,435,328</u>
2.10 CASH AND CASH EQUIVALENTS				
Balance with non scheduled bank in current account :				
- PNC Bank	51,426	48,255	3,407,487	3,015,932
- Citibank	1,031,300	123,090	68,333,938	7,693,125
	<u>1,082,726</u>	<u>171,345</u>	<u>71,741,425</u>	<u>10,709,057</u>
2.11 SHORT-TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
a. Prepaid expenses	83,073	94,072	5,504,417	5,879,489
b. Supplier advances	730	40	48,396	2,492
c. Loans and advances to employee	-	129	-	8,087
	<u>83,803</u>	<u>94,241</u>	<u>5,552,813</u>	<u>5,890,068</u>
2.12 OTHER CURRENT ASSETS				
Unsecured, considered good				
a. Other recoverables from Holding company	1,200	-	79,512	-
b. Insurance claim receivable from Holding company	-	1,460,912	-	91,306,984
	<u>1,200</u>	<u>1,460,912</u>	<u>79,512</u>	<u>91,306,984</u>



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(USD)	(USD)	(Rupees) (Unaudited) Refer note 1.2 (i)	(Rupees) (Unaudited) Refer note 1.2 (i)
2.13 SALES AND SERVICES				
a. Software development services	153,876	538,065	10,052,734	32,843,472
b. Service income for software development from Holding company	197,532	455,419	12,904,766	27,798,776
c. Service income for sales and marketing fees from Holding company	270,347	-	17,661,770	-
	<u>621,755</u>	<u>993,484</u>	<u>40,619,270</u>	<u>60,642,248</u>
2.14 OTHER INCOME				
a. Excess insurance claim received	-	142,838	-	8,718,832
b. Excess liability/provision written back	-	78,459	-	4,789,137
	<u>-</u>	<u>221,297</u>	<u>-</u>	<u>13,507,969</u>
2.15 EMPLOYEE BENEFITS EXPENSES				
a. Salaries and wages	376,914	376,766	24,623,789	22,997,803
b. Staff welfare	16,169	8,697	1,056,298	530,838
	<u>393,083</u>	<u>385,463</u>	<u>25,680,087</u>	<u>23,528,641</u>
2.16 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	130,802	216,085	8,545,295	13,189,857
b. Rent (see note 2.19)	15,380	23,210	1,004,775	1,416,738
c. Rates and taxes	1,016	3,108	66,396	189,723
d. Power and fuel	4,322	5,219	282,329	318,542
e. Travelling	16,401	12,313	1,071,459	751,560
f. Insurance	2,692	-	175,888	-
g. Legal and professional charges (refer note below)	23,043	23,687	1,505,395	1,445,847
h. Communication	6,736	6,658	440,036	406,423
i. Repair & Maintenance	-	956	-	58,338
j. Advertisement, business development and promotion	14,098	96,282	921,022	5,877,078
k. Net loss on foreign currency transactions	368	20	24,069	1,230
l. Training & Recruitment	-	30,400	-	1,855,616
m. Provision for doubtful advances	3,600	-	235,188	-
n. Miscellaneous expenses	10,611	1,496	693,241	91,281
	<u>229,069</u>	<u>419,434</u>	<u>14,965,093</u>	<u>25,602,234</u>
Note (i) : Legal and professional expenses include :				
Audit fees (excluding service tax)	<u>9,055</u>	<u>12,195</u>	<u>600,000</u>	<u>7,44,409</u>
2.17 FINANCE COST				
a. Bank charges	6,123	5,417	400,003	330,632
b. Interest on loan from :- Holding company	1,960	5,769	128,047	352,140
	<u>8,083</u>	<u>11,186</u>	<u>528,050</u>	<u>682,772</u>



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 Japan Kabushiki Kaisha, Japan

Particulars	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
	(USD)	(USD)	(Rupees) (Unaudited) Refer note 1.2 (i)	(Rupees) (Unaudited) Refer note 1.2 (i)
Transactions with related parties				
a. Sales and Services to Holding Company				
Software Development Service	197,532	455,419	12,904,766	27,798,776
Sales and Marketing Services	270,347	-	17,661,770	-
b. Excess Insurance claim received				
- Nucleus Software Exports Limited	-	142,838	-	8,718,832
c. Insurance claim received				
- Nucleus Software Exports Limited	1,460,912	-	95,441,365	-
d. Outsourced technical service expenses				
- Nucleus Software Exports Limited	130,802	153,925	8,545,295	9,395,606
e. Interest on Loan				
- Nucleus Software Exports Limited	1,960	5,769	128,047	352,140
f. Reimbursement of expenses to				
Nucleus Software Exports Limited	10,614	726	693,412	44,315
g. Reimbursement of expenses from				
- Nucleus Software Exports Limited	1,200	-	78,396	-
h. Loan repayment during the year				
- Nucleus Software Exports Limited	100,000	100,000	6,533,000	6,104,000

Outstanding balances as at year end

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	(USD)	(USD)	(Rupees) (Unaudited) Refer note 1.2 (i)	(Rupees) (Unaudited) Refer note 1.2 (i)
a. Insurance claim receivable				
- Nucleus Software Exports Limited	-	1,460,912	-	91,306,984
b. Trade receivable				
- Nucleus Software Exports Limited	72,967	88,115	4,834,811	5,507,203
c. Short term loan and advances				
- Nucleus Software Exports Limited	81,715	77,720	5,185,002	4,857,489
d. Trade payables				
- Nucleus Software Exports Limited	59,680	236,303	3,954,397	14,768,937
- Nucleus Software Japan Kabushiki Kaisha	-	163,191	-	10,199,438
e. Loan outstanding				
- Nucleus Software Exports Limited	-	100,000	-	6,250,000
f. Interest accrued but not due				
- Nucleus Software Exports Limited	-	1,311	-	81,938



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.19 Operating Lease

Obligations on long-term, non-cancelable operating leases

The Company leases office space and other assets under operating lease. The Lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is USD 15,380 (previous year USD 23,210). The future minimum lease payment in respect of such lease is Nil.

2.20 EARNINGS PER SHARE

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(USD)	(USD)	(Rupees)	(Rupees)
			(Unaudited)	(Unaudited)
			Refer note 1.2 (i)	Refer note 1.2 (i)
Basic and Diluted				
a. Profit after tax	(30,677)	212,102	(2,004,107)	12,946,737
b. Weighted average number of equity shares	1,000,000	1,000,000	1,000,000	1,000,000
c. Earnings per share	(0.03)	0.21	(2.00)	12.95

2.21 SEGMENT REPORTING

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified under section 133 of the Act as applicable, 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.

2.22 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(USD)	(USD)	(Rupees)	(Rupees)
			(Unaudited)	(Unaudited)
			Refer note 1.2 (i)	Refer note 1.2 (i)
Sales and services	621,755	993,484	40,619,270	60,642,248
Software development expenses	302,448	584,456	19,758,897	35,675,174
Gross Profit	319,308	409,028	20,860,373	24,967,074
Selling and marketing expenses	253,447	120,933	16,557,677	7,381,723
General and administration expenses	74,340	110,694	4,856,656	6,756,765
Operating profit / (Loss) before depreciation	(8,479)	177,401	(553,960)	10,828,586
Depreciation and amortisation expense	7,017	12,159	458,432	742,183
Operating profit / (Loss) after depreciation	(15,497)	165,242	(1,012,392)	10,086,403
Other income	-	221,297	-	13,507,969
Profit / (Loss) before taxation	(15,497)	386,539	(1,012,392)	23,594,372
Tax Expense :				
Net current tax expense	15,180	174,437	991,715	10,647,634
Profit / (Loss) after taxation	(30,677)	212,102	(2,004,107)	12,946,737



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 2.23. 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 1,460,912 towards insurance claim lodged by Holding Company. During the year ended 31 March 2016, the Holding Company has paid the said claim to the Company.
- 2.24 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



A large, stylized handwritten signature in dark ink, which appears to read "Vishnu R Dusat", is written over the printed name and title.

VISHNU R DUSAD
Director

Place : Noida
Date : 03 May 2016

A small, handwritten signature in dark ink, possibly reading "Dusat", is located in the lower right quadrant of the page.