



INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
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, 2013, 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 Management is responsible for 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 Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



For **SPMG & CO.**
Chartered Accountants
(Firm Registration No. 509249C)

VINOD GUPTA
FCA / Partner
(Membership No. 090687)

Dated: 26 April, 2013
Place: New Delhi

NUCLEUS SOFTWARE INC.
BALANCE SHEET AS AT 31 MARCH, 2013

	Notes Ref.	As at 31 March, 2013 (USD)	As at 31 March, 2012 (USD)	As at 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
<u>EQUITY AND LIABILITIES</u>					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	350,000	350,000	18,998,000	17,808,000
b. Reserves and surplus	2.2	(751,800)	(914,611)	(40,807,704)	(46,535,405)
		(401,800)	(564,611)	(21,809,704)	(28,727,405)
2. NON-CURRENT LIABILITIES					
Long-term borrowings	2.3	200,000	300,000	10,856,000	15,264,000
3. CURRENT LIABILITIES					
a. Trade payables	2.4	1,564,543	1,361,805	84,923,394	69,288,616
b. Other current liabilities	2.5	1,168,605	150,093	63,431,880	7,636,732
		2,733,148	1,511,898	148,355,274	76,925,348
		2,531,348	1,247,287	137,401,570	63,461,943
<u>ASSETS</u>					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.6	31,125	8,227	1,689,466	418,613
- Intangible assets		3,039	-	164,957	-
		34,164	8,227	1,854,423	418,613
b. Long-term loans and advances	2.7	3,600	8,700	195,408	442,656
		37,764	16,927	2,049,831	861,269
2. CURRENT ASSETS					
a. Trade receivables	2.8	2,032,728	307,962	110,336,476	15,669,107
b. Cash and Cash Equivalents	2.9	145,044	876,532	7,872,988	44,597,895
c. Short-term loans and advances	2.10	315,812	45,866	17,142,275	2,333,672
		2,493,584	1,230,360	135,351,739	62,600,674
		2,531,348	1,247,287	137,401,570	63,461,943

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

In terms of our report attached

For **SPMG & CO.**
Chartered Accountants



VINOD GUPTA
Partner

Place : New Delhi
Date : 26 April, 2013

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

Place : New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) Refer note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.11	3,011,875	2,537,913	164,117,069	121,921,341
2. EXPENSES					
a. Employee benefits expenses	2.12	118,937	381,999	6,480,877	18,351,220
b. Operating and other expenses	2.13	2,695,354	2,111,227	146,869,840	101,423,332
c. Finance cost	2.14	26,789	21,710	1,459,733	1,042,956
d. Depreciation	2.6	5,477	2,868	298,442	137,779
TOTAL EXPENSES		2,846,557	2,517,804	155,108,892	120,955,287
3. PROFIT BEFORE TAX (1-2)		165,318	20,109	9,008,177	966,054
4. TAX EXPENSE					
Current tax		2,507	3,040	136,607	146,042
3. PROFIT FOR THE YEAR (3-4)		162,811	17,069	8,871,570	820,012
4. EARNINGS PER EQUITY SHARE					
Equity shares of USD 0.35 each					
a. Basic and Diluted	2.17	0.16	0.02	8.87	0.82
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 **SPMG & CO.**
Chartered Accountants

VINOD GUPTA
Partner

Place : New Delhi
Date : 26 April, 2013

For and on behalf of the Board of Directors

Vishnu R Dusat

VISHNU R DUSAD
Director

Place : New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
A. Cash flow from operating activities				
Net Profit / (loss) before tax	162,811	17,069	8,871,570	820,012
Depreciation	5,477	2,868	298,442	137,779
Adjustments for:				
Exchange difference on translation of foreign currency accounts			3,133,875	3,159,153
Operating Profit/ (Loss) before working capital changes	<u>168,288</u>	<u>19,937</u>	<u>12,303,887</u>	<u>4,116,944</u>
Adjustment for (increase)/decrease in operating assets				
Trade Receivables	(1,724,766)	(85,960)	(93,982,499)	(4,129,518)
Long-Term Loans and Advances	5,100	(3,600)	277,899	(172,944)
Short -Term Loans and Advances	(269,946)	(44,826)	(14,709,358)	(2,153,441)
Adjustment for increase/ (decrease) in operating liabilities				
Trade payables	202,738	1,157,876	11,047,194	55,624,361
Other current liabilities	1,018,512	(264,024)	55,498,719	(12,683,726)
Net cash flow from/(used in) operating activities (A)	<u>(600,074)</u>	<u>779,403</u>	<u>(29,564,159)</u>	<u>40,601,675</u>
B. Cash flow from investing activities				
Purchase of fixed assets	<u>(31,414)</u>	<u>(2,238)</u>	<u>(1,711,749)</u>	<u>(107,514)</u>
Net cash from/ (used in) investing activities (B)	<u>(31,414)</u>	<u>(2,238)</u>	<u>(1,711,749)</u>	<u>(107,514)</u>
C. Cash flow from financing activities				
Repayment of Long-term borrowings	(100,000)	(100,000)	(5,449,000)	(4,804,000)
Net cash from financing activities (C)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(5,449,000)</u>	<u>(4,804,000)</u>
Net increase/ (decrease) in cash and cash equivalents (A+B)	<u>(731,488)</u>	<u>677,165</u>	<u>(36,724,907)</u>	<u>35,690,162</u>
Cash and cash equivalents at the beginning of the Year	876,532	199,367	44,597,895	8,907,733
Cash and cash equivalents at the end of the Year (See note 2.9)	145,044	876,532	7,872,988	44,597,895

See accompanying notes forming part of the financial statements

In terms of our report attached

For **SPMG & CO.**
Chartered Accountants

VINOD GUPTA
Partner

Place : New Delhi
Date : 26 April, 2013

For and on behalf of the Board of Directors



VISHNU R DUSAD
Director

Place : New Delhi
Date : 26 April, 2013

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 are prepared under the historical cost convention on the accrual basis, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. 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 Company's net worth is fully eroded. However, the directors consider that it is appropriate to prepare these accounts on-going concern basis in view of the continued financial support from its holding company. Accordingly, these accounts are being prepared on a going concern basis, that is the assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 212 of the Companies Act, 1956 and 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 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.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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) Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(v) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. 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	5
Furniture and fixtures	5
Intangible asset	
Software	5

(vi) 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.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(vii) 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.

(viii) Taxes on Income

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.

(ix) 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.

(x) 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.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(xi) 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

2.1 SHARE CAPITAL

Particulars	As at 31 March, 2013 (USD)	As at 31 March, 2012 (USD)	As at 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
a. Authorised				
Equity Shares				
1,000,000 (1,000,000) equity shares of USD 0.35 per share	350,000	350,000	18,998,000	17,808,000
b. Issued, Subscribed and Paid-Up				
1,000,000 (1,000,000) equity shares of USD 0.35 each, fully paid up	350,000	350,000	18,998,000	17,808,000

Refer notes (i) to (iii) below :-

(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	17,808,000	15,638,000
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	18,998,000	17,808,000

(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	18,998,000	17,808,000



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013 (USD)	As at 31 March, 2012 (USD)	As at 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
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2.2 RESERVES AND SURPLUS

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

Opening Balance	(914,611)	(931,680)	(42,651,284)	(43,471,296)
Add: Profit / (Loss) for the Year	<u>162,811</u>	<u>17,069</u>	<u>8,871,570</u>	<u>820,012</u>
Closing balance	<u>(751,800)</u>	<u>(914,611)</u>	<u>(33,779,714)</u>	<u>(42,651,284)</u>

b. Currency Translation Reserve

Opening Balance	-	-	(3,884,121)	1,843,815
Add: Created during the Year	<u>-</u>	<u>-</u>	<u>(3,143,869)</u>	<u>(5,727,936)</u>
Closing balance	<u>-</u>	<u>-</u>	<u>(7,027,990)</u>	<u>(3,884,121)</u>
	<u>(751,800)</u>	<u>(914,611)</u>	<u>(40,807,704)</u>	<u>(46,535,405)</u>

**2.3 LONG-TERM BORROWINGS
(Unsecured)**

Loan from Holding Company (See note below)	300,000	400,000	16,284,000	20,352,000
Less : Current maturities of loan term loan	<u>(100,000)</u>	<u>(100,000)</u>	<u>(5,428,000)</u>	<u>(5,088,000)</u>
	<u>200,000</u>	<u>300,000</u>	<u>10,856,000</u>	<u>15,264,000</u>

Note :

Loan from the Holding Company carries interest @ 3% above USD LIBOR for six months and is repayable in 5 equal yearly installment of USD 100,000 starting from 31 December, 2011. Interest is payable on annual basis with each installment.

2.4 TRADE PAYABLES

a. Trade Payables				
- Others	697,613	865,497	37,866,434	44,036,493
b. Due to related parties (See note 2.16)				
- Holding Company	708,176	366,787	38,439,793	18,662,095
- Fellow Subsidiary	<u>158,754</u>	<u>129,521</u>	<u>8,617,167</u>	<u>6,590,028</u>
	<u>1,564,543</u>	<u>1,361,805</u>	<u>84,923,394</u>	<u>69,288,616</u>

2.5 OTHER CURRENT LIABILITIES

a. Current maturities of long term loan				
- Holding Company	100,000	100,000	5,428,000	5,088,000
b. Loan from related parties (See note below)				
- Fellow Subsidiary	750,000	-	40,710,000	-
c. Interest accrued but not due (See note 2.16)				
- Loan from Holding Company	2,595	5,853	140,857	297,801
- Loan from Fellow Subsidiary	<u>6,438</u>	<u>-</u>	<u>349,455</u>	<u>-</u>
d. Advance Billing	309,572	44,240	16,803,568	2,250,931
	<u>1,168,605</u>	<u>150,093</u>	<u>63,431,880</u>	<u>7,636,732</u>

Note :

Loan from Nucleus Software Solutions Pte. Ltd., fellow subsidiary carries interest @ 5% annually and is repayable along with interest due on 31 December, 2013.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.6 Fixed Assets

(Amounts in USD)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April, 2012	Additions	Currency Translation	As at 31 March, 2013	As at 1 April, 2012	Depreciation for the year	Currency Translation	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
A. Tangible assets										
Office and other equipment	-	3,371	-	3,371	-	241	-	241	3,130	-
	-	-	-	-	-	-	-	-	-	-
Computers	12,466 (10,228)	22,066 (2,238)	-	34,532 (12,466)	4,239 (1,371)	4,712 (2,868)	-	8,951 (4,239)	25,581 (8,227)	8,227 (8,857)
Furniture and fixtures	12,606 (12,605)	2,600 -	-	15,206 (12,605)	12,606 (12,605)	186 -	-	12,792 (12,605)	2,414 -	-
B. Intangible assets										
Software	-	3,377	-	3,377	-	338	-	338	3,039	-
	-	-	-	-	-	-	-	-	-	-
Current year	25,072	31,414	-	56,486	16,845	5,477	-	22,322	34,164	8,227
Previous year	(22,834)	(2,238)	-	(25,072)	(13,976)	(2,868)	-	(16,844)	(8,227)	(8,857)

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

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April, 2012	Additions	Currency Translation	As at 31 March, 2013	As at 1 April, 2012	Depreciation for the year	Currency Translation	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
A. Tangible assets										
Office and other equipment	-	183,686	708	182,978	-	13,132	51	13,081	169,897	-
	-	-	-	-	-	-	-	-	-	-
Computers	563,903 (459,854)	1,202,376 (107,514)	(108,118) ((3,465))	1,874,397 (563,903)	180,060 (61,887)	256,757 (137,779)	(49,043) ((19,595))	485,860 (180,071)	1,388,537 (418,613)	383,843 (395,751)
Furniture and fixtures	570,235 (566,770)	141,674 -	(113,473) (3,465)	825,382 (570,235)	535,465 (568,986)	10,135 -	(148,750) ((33,532))	694,350 (535,454)	131,032 -	34,770 -
B. Intangible assets										
Software	-	184,013	709	183,304	-	18,418	71	18,347	164,957	-
	-	-	-	-	-	-	-	-	-	-
Current year	1,134,138	1,711,749	(220,174)	3,066,061	715,525	298,442	(197,671)	1,211,638	1,854,423	418,613
Previous year	(1,026,624)	(107,514)	-	(1,134,138)	830,873	137,779	(53,127)	715,525	(418,613)	(395,751)



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013 (USD)	As at 31 March, 2012 (USD)	As at 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
2.7 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
Security Deposits	<u>3,600</u>	<u>8,700</u>	<u>195,408</u>	<u>442,656</u>
2.8 TRADE RECEIVABLES (Unsecured)				
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment				
- Considered good	-	-	-	-
- Considered doubtful	427,134	-	23,184,834	-
Less: Provision for doubtful debts	<u>(427,134)</u>	<u>-</u>	<u>(23,184,834)</u>	<u>-</u>
b. Other trade receivables				
- Considered good	2,032,728	307,962	110,336,476	15,669,107
- Considered doubtful	72,866	-	3,955,166	-
Less: Provision for doubtful debts	<u>2,105,594</u> <u>(72,866)</u>	<u>307,962</u>	<u>114,291,642</u> <u>(3,955,166)</u>	<u>15,669,107</u> <u>-</u>
	<u>2,032,728</u>	<u>307,962</u>	<u>110,336,476</u>	<u>15,669,107</u>
2.9 CASH AND CASH EQUIVALENTS				
Balance with non scheduled bank in current account :				
- PNC Bank	23,090	282,212	1,253,325	14,358,904
- Citibank	121,954	594,320	6,619,663	30,238,991
	<u>145,044</u>	<u>876,532</u>	<u>7,872,988</u>	<u>44,597,895</u>
2.10 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Prepaid Expenses	3,150	38,816	170,982	1,974,968
b. Supplier advances	312,662	-	16,971,293	-
c. Expenses recoverable from Customers	-	7,050	-	358,704
	<u>315,812</u>	<u>45,866</u>	<u>17,142,275</u>	<u>2,333,672</u>



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
2.11 SALES AND SERVICES				
Software development services	<u>3,011,875</u>	<u>2,537,913</u>	<u>164,117,069</u>	<u>121,921,341</u>
2.12 EMPLOYEE BENEFITS EXPENSES				
a. Salaries and bonus	100,769	333,564	5,490,903	16,024,412
b. Staff welfare	18,168	48,435	989,974	2,326,808
	<u>118,937</u>	<u>381,999</u>	<u>6,480,877</u>	<u>18,351,220</u>
2.13 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	1,434,855	1,508,168	78,185,249	72,452,380
b. Cost of software purchased for delivery to clients	-	404,920	-	19,452,357
c. Rent	20,743	60,463	1,130,286	2,904,624
d. Rates and taxes	1,521	-	82,879	-
e. Power and fuel	9,581	-	522,069	-
f. Repair and maintenance	-	6,840	-	328,589
- Others	-	-	-	-
g. Travelling	45,710	38,704	2,490,738	1,859,327
h. Insurance	298	-	16,238	-
i. Advertisement and business promotion	-	695	-	33,395
j. Legal and professional charges (see note 2.15)	601,518	70,343	32,776,716	3,379,299
k. Communication	31,778	11,917	1,731,583	572,496
l. Information technology expenses	3,239	5,115	176,493	245,727
m. Advances written off	5,100	-	277,899	-
n. Provision for doubtful debts	500,000	-	27,245,000	-
o. Security charges	25,922	247	1,412,490	11,866
p. Miscellaneous expenses	15,089	3,815	822,200	183,272
	<u>2,695,354</u>	<u>2,111,227</u>	<u>146,869,840</u>	<u>101,423,332</u>
2.14 FINANCE COST				
a. Bank charges	6,426	5,082	350,153	244,147
b. Interest on Loan from :- Holding company	13,925	16,628	758,773	798,809
Fellow subsidiary	6,438	-	350,807	-
	<u>26,789</u>	<u>21,710</u>	<u>1,459,733</u>	<u>1,042,956</u>
2.15 Legal and Professional expenses include:				
Audit fees (See note below)	<u>10,000</u>	<u>4,000</u>	<u>544,900</u>	<u>192,160</u>

Note : Audit fees for the year ended 31 March, 2012 pertains to fees paid to previous auditor.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.16 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, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
Transactions with related parties				
a. Outsourced technical service expenses				
- Nucleus Software Exports Limited	225,076	215,730	12,264,391	10,363,659
- Nucleus Software Japan Kabushiki Kaisha	-	110,000	-	5,284,400
b. Interest on Loan				
- Nucleus Software Exports Limited	13,925	16,628	758,773	798,809
- Nucleus Software Solutions Pte. Ltd.	6,438	-	350,807	-
c. Reimbursement of expenses				
- Nucleus Software Exports Limited	144,430	137,056	7,869,991	6,584,154
- Nucleus Software Japan Kabushiki Kaisha	29,233	19,521	1,592,906	937,789
d. Loan taken during the year				
- Nucleus Software Solutions Pte. Ltd.	750,000	-	40,867,500	-
e. Loan repayment during the year				
- Nucleus Software Exports Limited	100,000	100,000	5,449,000	4,804,000

Outstanding balances as at year end

Particulars	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
a. Trade Payables				
- Nucleus Software Exports Limited	708,176	366,787	38,439,793	18,662,145
- Nucleus Software Japan Kabushiki Kaisha	158,754	129,521	8,617,167	6,590,028
b. Supplier advance				
- Nucleus Software Exports Limited	251,936	-	13,675,086	-
c. Loan payable				
- Nucleus Software Exports Limited	300,000	400,000	16,284,000	20,352,000
- Nucleus Software Solutions Pte. Ltd.	750,000	-	40,710,000	-
d. Interest accrued but not due				
- Nucleus Software Exports Limited	2,595	5,853	140,857	297,801
- Nucleus Software Solutions Pte. Ltd.	6,438	-	349,474	-



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
2.17 Earnings per share				
Basic and Diluted				
a. Profit after tax	162,811	17,069	8,871,570	820,012
b. Weighted average number of equity shares	1,000,000	1,000,000	1,000,000	1,000,000
c. Earnings per share	0.16	0.02	8.87	0.82

2.18 Segment Reporting

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified in the Companies (Accounting Standard) Rules, 2006, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting has been made in the financial statements.

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

Particulars	Year ended 31 March, 2013 (USD)	Year ended 31 March, 2012 (USD)	Year ended 31 March, 2013 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 March, 2012 (Rupees) (Unaudited) Refer note 1.2 (i)
Sales and services	3,011,875	2,537,913	164,117,069	121,921,341
Software development expenses	1,434,855	1,964,088	78,185,249	94,354,777
Gross Profit	1,577,020	573,825	85,931,820	27,566,564
Selling and marketing expenses	218,781	435,736	11,921,361	20,932,747
General and administration expenses	1,181,005	118,152	64,352,965	5,676,026
Operating profit	177,234	19,937	9,657,493	957,791
Depreciation and amortisation expense	5,477	2,868	298,442	137,779
Profit after taxation	171,757	17,069	9,359,051	820,012

2.20 As at 31 March, 2013, the Company has unabsorbed tax losses that can be used to set off against the future year's taxable profit under local laws and regulations. Further, in view of absence of virtual certainty of realisation of the balance unabsorbed tax losses, no deferred tax asset has been recognised by the Company as at 31 March, 2013.

2.21 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

For SPMG & CO.
Chartered Accountants

Partner

For NUCLEUS SOFTWARE INC.

Vishnu R Dusead

VISHNU R DUSAD
Director

Place : New Delhi
Date : 26 April, 2013

