

**Deloitte
Haskins & Sells**

NUCLEUS SOFTWARE NETHERLANDS B.V.

AUDITED FINANCIAL STATEMENT

FOR THE YEAR ENDED

31 MARCH, 2014

Deloitte Haskins & Sells

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase-II
Gurgaon - 122 002, Haryana
India

INDEPENDENT AUDITORS' REPORT

Tel : + 91 (124) 679 2000
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TO THE BOARD OF MANAGING DIRECTORS OF NUCLEUS SOFTWARE NETHERLANDS B.V.

Report on the Financial Statements

We have audited the accompanying financial statements of **NUCLEUS SOFTWARE NETHERLANDS B.V.** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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 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.



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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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (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.

Emphasis of Matter

We draw attention to Note 2.21 to the financial statements which states that the company has accumulated losses as at 31 March 2014 and the current liabilities exceed its current assets. Having regard to the accumulated losses of the Company which have eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from Nucleus Software Exports Limited, the Holding Company.

Our opinion is not qualified in respect of this matter.

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)



RASHIM TANDON
Partner
(Membership No. 095540)

Place : Gurgaon
Date : May 2, 2014



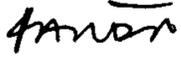
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NUCLEUS SOFTWARE NETHERLANDS B.V.
BALANCE SHEET AS AT 31 MARCH, 2014

	Notes Ref	As at 31 Mar 2014 (Euro)	As at 31 Mar 2013 (Euro)	As at 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
<u>EQUITY AND LIABILITIES</u>					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	400,000	400,000	32,904,000	27,812,000
b. Reserves and surplus	2.2	(662,692)	(568,710)	(54,513,010)	(39,542,390)
		(262,692)	(168,710)	(21,609,010)	(11,730,390)
2. CURRENT LIABILITIES					
a. Trade payables	2.3	374,919	567,017	30,840,837	39,424,634
b. Other current liabilities	2.4	8,333	90,947	685,473	6,323,514
		383,252	657,964	31,526,310	45,748,148
		120,560	489,254	9,917,300	34,017,758
<u>ASSETS</u>					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.5	-	1,186	-	82,464
		-	1,186	-	82,464
b. Long-term loans and advances	2.6	6,184	34,984	508,730	2,432,466
		6,184	36,170	508,730	2,514,930
2. CURRENT ASSETS					
a. Trade receivables	2.7	73,869	100,813	6,076,464	7,009,497
b. Cash and cash equivalents	2.8	33,141	77,482	2,726,179	5,387,289
c. Short-term loans and advances	2.9	7,366	72,023	605,927	5,007,743
d. Other current assets	2.10	-	202,766	-	14,098,299
		114,376	453,084	9,408,570	31,502,828
		120,560	489,254	9,917,300	34,017,758

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

In terms of our report attached

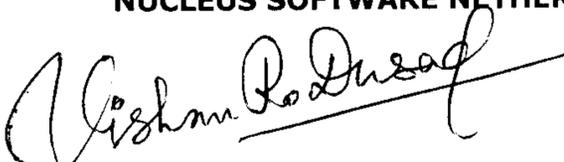
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


RASHIM TANDON
Partner



Place : Gurgaon
Date : May 2, 2014

For and on behalf of the Board of Managing Directors
NUCLEUS SOFTWARE NETHERLANDS B.V.


VISHNU R DUSAD
General Managing Director

Place : New Delhi
Date : May 2, 2014

NUCLEUS SOFTWARE NETHERLANDS B.V.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

	Notes Ref	Year ended 31 Mar 2014	Year ended 31 Mar 2013 (Euro)	Year ended 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.11	196,626	134,894	16,110,551	9,464,163
2. EXPENSES					
a. Employee benefits expense	2.12	43,857	86,839	3,593,423	6,092,598
b. Operating and other expenses	2.13	214,721	177,107	17,593,164	12,425,752
c. Finance cost - Bank Charges	2.14	2,044	2,505	167,475	175,766
d. Depreciation	2.5	1,186	1,613	97,175	113,167
TOTAL EXPENSES		261,808	268,064	21,451,237	18,807,283
3. PROFIT/(LOSS) BEFORE TAX (1-2)		(65,182)	(133,170)	(5,340,686)	(9,343,120)
4. TAX EXPENSE		-	-	-	-
Withholding taxes charged off	2.20	28,800	-	2,359,728	-
5. PROFIT /(LOSS) FOR THE YEAR (3-4)		(93,982)	(133,170)	(7,700,414)	(9,343,120)
6. EARNINGS/(LOSS) PER EQUITY SHARE					
Equity shares of Euro 100 each					
a. Basic and Diluted	2.17	(23.50)	(33.29)	(1,925.10)	(2,335.78)
Number of shares used in computing earnings/(loss) per share		4,000	4,000	4,000	4,000

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants


RASHIM TANDON
Partner



Place : Gurgaon
Date : May 2, 2014

For and on behalf of the Board of Managing Directors
NUCLEUS SOFTWARE NETHERLANDS B.V.


VISHNU R DUSAD
General Managing Director

Place : New Delhi
Date : May 2, 2014

NUCLEUS SOFTWARE NETHERLANDS B.V.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31 Mar 2014 (Euro)	Year ended 31 Mar 2013 (Euro)	Year ended 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
A. Cash flow from operating activities				
Net Profit / (Loss) before tax	(65,182)	(133,170)	(5,340,686)	(9,343,120)
Adjustments for:				
Depreciation	1,186	1,613	97,175	113,167
Exchange difference on translation of foreign currency accounts			971,968	460,289
Operating profit/ (loss) before working capital changes	(63,996)	(131,557)	(4,271,543)	(8,769,664)
Adjustment for (increase)/decrease in operating assets				
Long-term loans and advances	-	430	-	30,169
Other current assets	-	180,964	-	12,696,434
Trade receivables	26,944	(44,801)	2,207,644	(3,143,207)
Short-term loans and advances	64,657	(60,477)	5,297,671	(4,243,088)
Other current assets	202,766	21,154	16,613,632	1,484,178
Adjustment for increase/ (decrease) in operating liabilities				
Trade payables	(192,098)	(203,290)	(15,739,536)	(14,262,834)
Other current liabilities	(82,614)	88,727	(6,768,978)	6,225,127
Net cash flow from/(used in) operating activities (1)	(44,341)	(148,850)	(2,661,110)	(9,982,885)
B. Cash flow from investing activities	-	-	-	-
C. Cash flow from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(44,341)	(148,850)	(2,661,110)	(9,982,885)
Cash and cash equivalents at the beginning of the year	77,482	226,332	5,387,289	15,370,174
Cash and cash equivalents at the end of the Year (Refer note 2.8)	33,141	77,482	2,726,179	5,387,289

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Rashim Tandon

RASHIM TANDON
Partner

Place : Gurgaon
Date : May 2, 2014



For and on behalf of the Board of Managing Directors
NUCLEUS SOFTWARE NETHERLANDS B.V.

Vishnu R Dusad

VISHNU R DUSAD
General Managing Director

Place : New Delhi
Date : May 2, 2014

NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 :

1.1 Company Background

Nucleus Software Netherlands B.V. ('the Company') was incorporated on 3 February 2006 in Netherlands. 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 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 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 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. (Also refer note 2.21).

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 Euro. The translation from Euro to Indian Rupees is unaudited.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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. Actual results could differ from these estimates. 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 periods in which the results are known/materialise.

(iii) Cash and cash equivalents (for purposes 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.

(iv) 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.

(v) 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.

(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. 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)
Office equipment	5
Computers	4
Furniture and fixtures	5



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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) Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

(ix) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised as Income or Expense in the Statement of Profit and Loss. Monetary assets and liabilities are restated at the exchange rate prevalent at the date of balance sheet. The resulting gain/loss is recognised in the Statement of Profit and Loss.

(x) Employee benefits

Short-Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders related service.

(xi) 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.

(xii) 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 carried forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

(xiii) 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.

(xiv) 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.

(xv) VAT input tax credit

VAT input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(xvi) 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 NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

Particulars	As at 31 Mar 2014 (Euro)	As at 31 Mar 2013 (Euro)	As at 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
a. Authorised				
5,000 (Previous Year 5,000) equity shares of Euro 100 each	500,000	500,000	41,130,000	34,765,000
b. Issued, Subscribed and Paid-Up				
4,000 (Previous Year 4,000) equity shares of Euro 100 each, fully paid up. Refer note (i) to (iii) below	400,000	400,000	32,904,000	27,812,000

Notes :

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

As at the beginning of the year				
- Number of shares	4,000	4,000	4,000	4,000
- Amount	400,000	400,000	27,812,000	27,164,000
Shares issued / (bought back) during the year				
- Number of shares	-	-	-	-
- Amount	-	-	-	-
As at the end of the year				
- Number of shares	4,000	4,000	4,000	4,000
- Amount	400,000	400,000	32,904,000	27,812,000

(ii) Rights, preference and restrictions attached to shares :

The Company has one class of equity shares having par value of Euro 100 each. Each shareholder is eligible for one vote per share held.

(iii) Details of share held by the Holding

Nucleus Software Exports Limited				
- Number of shares	4,000	4,000	4,000	4,000
- Percentage	100%	100%	100%	100%
- Amount	400,000	400,000	32,904,000	27,812,000



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 Mar 2014 (Euro)	As at 31 Mar 2013 (Euro)	As at 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
2.2 RESERVES AND SURPLUS				
a. Surplus/ (Deficit) in Statement of Profit and Loss				
Opening Balance	(568,710)	(435,540)	(35,565,107)	(26,221,986)
Add: Profit / (Loss) for the Year	(93,982)	(133,170)	(7,700,414)	(9,343,120)
Closing balance	<u>(662,692)</u>	<u>(568,710)</u>	<u>(43,265,521)</u>	<u>(35,565,107)</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(3,977,283)	(3,355,350)
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	(7,270,206)	(621,933)
Closing balance	<u>-</u>	<u>-</u>	<u>(11,247,489)</u>	<u>(3,977,283)</u>
	<u>(662,692)</u>	<u>(568,710)</u>	<u>(54,513,010)</u>	<u>(39,542,390)</u>
2.3 TRADE PAYABLES				
a. Trade Payables				
- Others	13,622	3,528	1,120,546	245,269
b. Due to Holding Company	361,297	563,489	29,720,291	39,179,365
	<u>374,919</u>	<u>567,017</u>	<u>30,840,837</u>	<u>39,424,634</u>
2.4 OTHER CURRENT LIABILITIES				
a. Advances from customer	8,333	88,733	685,473	6,169,571
b. Other payables - statutory dues	-	2,214	-	153,943
	<u>8,333</u>	<u>90,947</u>	<u>685,473</u>	<u>6,323,514</u>



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

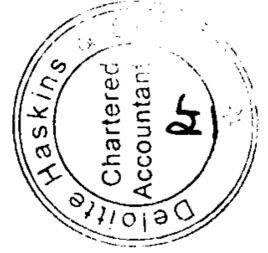
2.5 Fixed Assets (at Cost)

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK			
	As at 01 Apr 2013	Deductions / adjustments	As at 31 Mar 2014	As at 01 Apr 2013	Depreciation the year	Deductions / adjustments	As at 31 Mar 2014	As at 31 Mar 2013
Tangible assets (owned)								
Office and other equipment	1,056 (1,056)	- (-)	1,056 (1,056)	889 (677)	167 (212)	- (-)	1,056 (889)	167 (379)
Computers	1,502 (1,502)	- (-)	1,502 (1,502)	1,352 (1,013)	151 (339)	- (-)	1,502 (1,352)	151 (489)
Furniture and fixtures	5,318 (5,318)	- (-)	5,318 (5,318)	4,450 (3,387)	868 (1,062)	- (-)	5,318 (4,449)	868 (1,931)
Current year (Euro)	7,876	-	7,876	6,691	1,186	-	7,876	1,186
Previous year (Euro)	(7,876)	(-)	(7,876)	(5,077)	(1,613)	(-)	(6,690)	(2,799)

(Amount in Rupees (Unaudited - Refer Note 1.2(i))

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK			
	As at 01 Apr 2013	Currency Translation	As at 31 Mar 2014	As at 01 Apr 2013	Depreciation the year	Currency Translation	As at 31 Mar 2014	As at 31 Mar 2013
Tangible assets								
Office and other equipment	73,424 (69,222)	13,443 (4,202)	86,867 (73,424)	61,812 (43,468)	13,682 (14,874)	38,737 (3,470)	86,867 (61,812)	11,612 (25,754)
Computers	104,434 (98,457)	19,121 (5,977)	123,555 (104,434)	94,005 (65,236)	12,371 (23,784)	41,921 (4,985)	123,555 (94,005)	10,430 (33,221)
Furniture and fixtures	369,761 (348,600)	67,698 (21,161)	437,459 (369,761)	309,339 (217,495)	71,122 (74,510)	199,242 (17,334)	437,459 (309,339)	60,422 (131,105)
Current year (Rupees)	547,619	100,261	647,880	465,156	97,175	279,899	647,880	82,464
Previous year (Rupees)	(516,279)	(31,340)	(547,619)	(326,199)	(113,168)	(25,789)	(465,156)	(190,080)

Note : Figures in brackets denote amounts pertaining to previous year.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 Mar 2014 (Euro)	As at 31 Mar 2013 (Euro)	As at 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
2.6 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Security deposits	6,184	6,184	508,730	430,002
b. Advance tax (See note 2.20)	-	28,800	-	2,002,464
	<u>6,184</u>	<u>34,984</u>	<u>508,730</u>	<u>2,432,466</u>
2.7 TRADE RECEIVABLES (Unsecured, considered good)				
Trade receivables outstanding for a period less than six months from the date they were due for payment	<u>73,869</u>	<u>100,813</u>	<u>6,076,464</u>	<u>7,009,497</u>
2.8 CASH AND CASH EQUIVALENTS				
Balance with non scheduled bank - in current account Citibank - Netherlands	<u>33,141</u>	<u>77,482</u>	<u>2,726,179</u>	<u>5,387,289</u>
Note : All the above balances meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statements.				
2.9 SHORT-TERM LOANS AND ADVANCES Unsecured, considered good				
a. Advance to employees	-	2,498	-	173,669
b. Prepaid expenses	5,862	68,891	482,208	4,790,006
c. Balances with government authorities - VAT credit recoverable	1,504	634	123,719	44,068
	<u>7,366</u>	<u>72,023</u>	<u>605,927</u>	<u>5,007,743</u>
2.10 OTHER CURRENT ASSETS (Unsecured, considered good)				
Service Income accrued but not due	<u>-</u>	<u>202,766</u>	<u>-</u>	<u>14,098,299</u>



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Particulars	Year ended 31 Mar 2014 (Euro)	Year ended 31 Mar 2013 (Euro)	Year ended 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
2.11 SALES AND SERVICES				
Software development services	<u>196,626</u>	<u>134,894</u>	<u>16,110,551</u>	<u>9,464,163</u>
2.12 EMPLOYEE BENEFITS EXPENSE				
a. Salaries and wages	37,449	75,508	3,068,384	5,297,615
b. Contribution to social security fund	3,824	6,450	313,319	452,555
c. Staff welfare expenses	2,584	4,881	211,720	342,427
	<u>43,857</u>	<u>86,839</u>	<u>3,593,423</u>	<u>6,092,598</u>
2.13 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expense	159,578	114,033	13,075,023	8,000,565
b. Rent	22,699	22,437	1,859,843	1,574,163
c. Insurance	186	174	15,240	12,208
d. Rates and taxes	1,871	57	153,300	3,999
e. Travel expenses	4,425	19,723	362,562	1,383,748
f. Advertisement and business promotion	120	279	9,832	19,599
g. Legal and professional (see note 2.15)	22,165	14,134	1,816,089	991,610
h. Communication	2,523	3,690	206,722	258,876
i. Conference, exhibition and seminar	-	1,825	-	128,042
j. Net loss on foreign currency transactions	327	-	26,793	-
k. Miscellaneous expenses	827	756	67,760	52,941
	<u>214,721</u>	<u>177,107</u>	<u>17,593,164</u>	<u>12,425,752</u>
2.14 FINANCE COSTS				
Bank Charges	<u>2,044</u>	<u>2,505</u>	<u>167,475</u>	<u>175,766</u>
2.15 Legal and professional include:				
Audit fees (excluding service tax)	1,831	2,157	150,000	150,000



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

Particulars	Year ended 31 Mar 2014 (Euro)	Year ended 31 Mar 2013 (Euro)	Year ended 31 Mar 2014 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) See note 1.2 (i)
Sales and services	196,626	134,894	16,110,551	9,464,163
Software development expenses	159,578	114,033	13,075,023	8,000,555
Gross Profit	37,048	20,861	3,035,528	1,463,608
Selling and marketing expenses	89,571	123,506	7,339,000	8,665,094
General and administration expenses	11,473	28,912	940,039	2,028,466
Operating profit before depreciation	(63,996)	(131,557)	(5,243,511)	(9,229,952)
Depreciation	1,186	1,613	97,175	113,168
Profit / (Loss) before taxation	(65,182)	(133,170)	(5,340,686)	(9,343,120)
Net current tax expense	28,800	-	2,359,728	-
Profit / (Loss) after taxation	(93,982)	(133,170)	(7,700,414)	(9,343,120)

2.20 No provision for tax has been made in view of the losses in the current year.

As at 31 March 2014, the Company has unabsorbed losses. In view of absence of virtual certainty of realisation of unabsorbed tax losses, no deferred tax asset has been recognised by the Company as at 31 March, 2014.

During the year, the Company has written off withholding taxes amounting to Euro 28,800 (Rupees 2,359,728) on account of uncertainty in realisation of withholding taxes.

2.21 GOING CONCERN ASSUMPTION

During the year ended 31 March 2014, the Company has incurred an operating loss of Euro 93,982 (Rupees 7,700,414). As at 31 March 2014, the accumulated losses of the Company aggregate to Euro 662,692 (Rupees 54,513,010) and the Company's current liabilities exceed its current assets by Euro 268,876 (Rupees 22,117,740). The Financial Statements of the Company have been prepared on the basis that the Company is a going concern. However, having regard to the accumulated losses of the Company which have eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from its Holding Company. The Holding Company has confirmed to provide such financial support as and when a need arises.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2.22 Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year classification/disclosure.

**For and on behalf of the Board of Managing Directors
NUCLEUS SOFTWARE NETHERLANDS B.V.**



Vishnu R Dusad

VISHNU R DUSAD
General Managing Director

Place : New Delhi
Date : May 2, 2014