

**Deloitte
Haskins & Sells**

NUCLEUS SOFTWARE INC.

**AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
31 MARCH, 2014**

INDEPENDENT AUDITORS' REPORT TO 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, 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.



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 profit 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

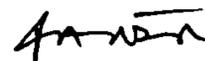
We draw attention to Note 2.23 to the financial statements which states that the Company has recognised insurance claim recoverable aggregating to USD 1,318,074 for claim filed on its behalf by the Holding Company. The Management is of the view that the amount of insurance claim is fully recoverable.

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 INC.
BALANCE SHEET AS AT 31 MARCH, 2014

Notes Ref.	As at 31 Mar 2014 (USD)	As at 31 Mar 2013 (USD)	As at 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
EQUITY AND LIABILITIES				
1. SHAREHOLDERS' FUNDS				
a. Share capital	2.1	350,000	350,000	20,958,000
b. Reserves and surplus	2.2	608,628	(751,800)	36,444,673
		958,628	(401,800)	57,402,673
				(21,809,704)
2. NON-CURRENT LIABILITIES				
Long-term borrowings	2.3	100,000	200,000	5,988,000
3. CURRENT LIABILITIES				
a. short-term borrowings	2.4	-	750,000	-
b. Trade payables	2.5	790,177	1,564,543	47,315,769
c. Other current liabilities	2.6	269,158	418,605	16,117,181
d. Short-term provisions	2.7	467,357	-	27,985,337
		1,526,692	2,733,148	91,418,287
		2,585,320	2,531,348	154,808,960
				148,355,274
				137,401,570
ASSETS				
1. NON-CURRENT ASSETS				
a. Fixed assets				
- Tangible assets	2.8	22,542	31,125	1,349,813
- Intangible assets	2.8	1,914	3,039	114,611
		24,456	34,164	1,464,424
b. Long-term loans and advances	2.9	3,600	3,600	215,568
		28,056	37,764	1,679,992
2. CURRENT ASSETS				
a. Trade receivables	2.10	306,974	2,032,728	18,381,603
b. Cash and Cash Equivalents	2.11	847,193	145,044	50,729,917
c. Short-term loans and advances	2.12	65,592	315,812	3,927,649
d. Other current assets	2.13	1,337,505	-	80,089,799
		2,557,264	2,493,584	153,128,968
		2,585,320	2,531,348	154,808,960
				135,351,739
				137,401,570

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
Partner
Place : Gurgaon
Date : May 2, 2014



For **NUCLEUS SOFTWARE INC.**



VISHNU R DUSAD
Director
Place : New Delhi
Date : May 2, 2014

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

	Notes Ref.	Year ended 31 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.14	3,837,336	3,011,875	233,847,256	164,117,069
2. OTHER INCOME	2.15	500,000	-	30,470,000	-
3. TOTAL REVENUE (1+2)		<u>4,337,336</u>	<u>3,011,875</u>	<u>264,317,256</u>	<u>164,117,069</u>
4. EXPENSES					
a. Employee benefits expenses	2.16	176,919	118,937	10,781,444	6,480,877
b. Operating and other expenses	2.17	2,280,698	2,695,354	138,985,736	146,869,840
c. Finance cost	2.18	38,634	26,789	2,354,356	1,459,733
d. Depreciation and amortisation	2.8	11,232	5,477	684,478	298,442
TOTAL EXPENSES		<u>2,507,483</u>	<u>2,846,557</u>	<u>152,806,014</u>	<u>155,108,892</u>
5. PROFIT BEFORE TAX (3-4)		<u>1,829,853</u>	<u>165,318</u>	<u>111,511,242</u>	<u>9,008,177</u>
6. TAX EXPENSE					
Current tax		469,425	2,507	28,606,761	136,607
7. PROFIT FOR THE YEAR (3-4)		<u>1,360,428</u>	<u>162,811</u>	<u>82,904,481</u>	<u>8,871,570</u>
8. EARNINGS PER EQUITY SHARE					
Equity shares of USD 0.35 each					
a. Basic and Diluted	2.20	1.36	0.16	82.90	8.87
Number of shares used in computing earnings per share					
a. Basic and Diluted		1,000,000	1,000,000	1,000,000	1,000,000

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

In terms of our report attached

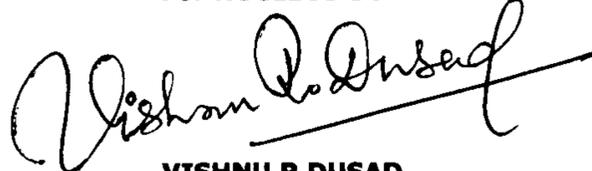
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


RASHIM TANDON
Partner

Place : Gurgaon
Date : May 2, 2014



For **NUCLEUS SOFTWARE INC.**


VISHNU R DUSAD
Director

Place : New Delhi
Date : May 2, 2014

NUCLEUS SOFTWARE INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Notes Ref.	Year ended 31 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
A. Cash flow from operating activities					
Net profit / (loss) before tax		1,829,853	165,318	111,511,242	9,008,177
Depreciation and amortisation		11,232	5,477	684,478	298,442
Doubtful debts provided / (reversed)		(500,000)	500,000	(30,470,000)	27,245,000
Adjustments for:					
Exchange difference on translation of foreign currency accounts				67,969	3,133,875
Operating profit/(loss) before working capital changes		<u>1,341,085</u>	<u>670,795</u>	<u>81,793,689</u>	<u>39,685,494</u>
Adjustment for (increase)/decrease in operating assets					
Trade receivables		2,225,754	(2,224,766)	135,637,449	(121,227,499)
Long-term loans and advances		-	5,100	-	277,899
Other current assets		(1,337,505)	-	(81,507,555)	-
Short-term loans and advances		250,220	(269,946)	15,248,407	(14,709,358)
Adjustment for increase/(decrease) in operating liabilities					
Trade payables		(774,365)	202,738	(47,189,803)	11,047,194
Other current liabilities		(149,447)	268,512	(9,107,300)	14,631,219
Taxes paid		<u>2,068</u>	<u>2,507</u>	<u>126,024</u>	<u>136,607</u>
Net cash flow from/(used in) operating activities (A)		<u>1,553,674</u>	<u>(1,350,074)</u>	<u>94,748,863</u>	<u>(70,431,658)</u>
B. Cash flow from investing activities					
Purchase of fixed assets		(1,525)	(31,414)	(92,934)	(1,711,749)
Net cash from/ (used in) investing activities (B)		<u>(1,525)</u>	<u>(31,414)</u>	<u>(92,934)</u>	<u>(1,711,749)</u>
C. Cash flow from financing activities					
Repayment of Long-term borrowings		(100,000)	(100,000)	(6,094,000)	(5,449,000)
Repayment of short-term borrowings		(750,000)	750,000	(45,705,000)	40,867,500
Net cash from/ (used in) financing activities (C)		<u>(850,000)</u>	<u>650,000</u>	<u>(51,799,000)</u>	<u>35,418,500</u>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		702,149	(731,488)	42,856,929	(36,724,907)
Cash and cash equivalents at the beginning of the year	2.10	145,044	876,532	7,872,988	44,597,895
Cash and cash equivalents at the end of the year	2.10	847,193	145,044	50,729,917	7,872,988

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

In terms of our report attached

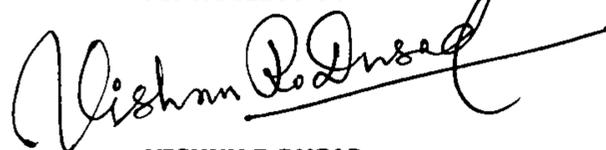
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


RASHIM TANDON
Partner

Place : Gurgaon
Date : May 2, 2014



For **NUCLEUS SOFTWARE INC.**



VISHNU R DUSAD
Director

Place : New Delhi
Date : May 2, 2014

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



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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.

(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)
Tangible asset	
Office equipment	5
Computers	4
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.

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

(viii) Earnings per share

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



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ix) 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.

(x) Impairment

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

(xi) Provisions and Contingencies

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

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

(xii) Insurance claims

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

(xiii) Operating cycle

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



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 Mar 2014 (USD)	As at 31 Mar 2013 (USD)	As at 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 Mar 2013 (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	20,958,000	18,998,000
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	20,958,000	18,998,000

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	18,998,000	17,808,000
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	20,958,000	18,998,000

(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	20,958,000	18,998,000

2.2 RESERVES AND SURPLUS

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

Opening Balance	(751,800)	(914,611)	(33,779,714)	(42,651,284)
Add: Profit / (Loss) for the Year	1,360,428	162,811	82,904,481	8,871,570
Closing balance	608,628	(751,800)	49,124,767	(33,779,714)

b. Currency Translation Reserve

Opening Balance	-	-	(7,027,990)	(3,884,121)
Add: Created during the Year	-	-	(5,652,104)	(3,143,869)
Closing balance	-	-	(12,680,094)	(7,027,990)
	608,628	(751,800)	36,444,673	(40,807,704)



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 Mar 2014 (USD)	As at 31 Mar 2013 (USD)	As at 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
2.3 LONG-TERM BORROWINGS				
(Unsecured)				
Loan from Holding Company (See note below)	200,000	300,000	11,976,000	16,284,000
Less : Current maturities of long term loan	(100,000)	(100,000)	(5,988,000)	(5,428,000)
	100,000	200,000	5,988,000	10,856,000
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 SHORT-TERM BORROWINGS				
Loan from related parties (See note below)				
- fellow subsidiary	-	750,000	-	40,710,000
Note :				
Loan from Nucleus Software Solutions Pte. Ltd., fellow subsidiary carries interest @ 5% annually and repayable along with interest due on 31 December, 2013.				
2.5 TRADE PAYABLES				
a. Trade Payables				
- Others	511,071	697,613	30,602,902	37,866,434
b. Due to related parties (See note 2.18)				
- Holding Company	115,915	708,176	6,940,990	38,439,793
- Fellow subsidiary	163,191	158,754	9,771,877	8,617,167
	790,177	1,564,543	47,315,769	84,923,394
2.6 OTHER CURRENT LIABILITIES				
a. Current maturities of long term loan				
- Holding Company	100,000	100,000	5,988,000	5,428,000
b. Interest accrued but not due (See note 2.18)				
- Loan from Holding Company	2,942	2,595	176,167	140,857
- Loan from fellow subsidiary	-	6,438	-	349,455
c. Advance billing	146,674	309,572	8,782,839	16,803,568
d. Advance from customer	19,542	-	1,170,175	-
	269,158	418,605	16,117,181	22,721,880
2.7 SHORT-TERM PROVISIONS				
e. Provision for tax (Net of advance tax of USD Nil)	467,357	-	27,985,337	-



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.8 FIXED ASSETS

(Amounts in USD)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 Apr 2013	Additions	Currency Translation	As at 31 Mar 2014	As at 1 Apr 2013	Depreciation for the year	Currency Translation	As at 31 Mar 2014	As at 31 Mar 2014	As at 31 Mar 2013
A. Tangible assets										
Office and other equipment	3,371 (-)	1,525 (3,371)	- (-)	4,896 (3,371)	241 (-)	954 (241)	- (-)	1,195 (241)	3,701 (3,130)	3,130 (-)
Computers	34,532 (12,466)	- (22,066)	- (-)	34,532 (34,532)	8,951 (4,239)	8,633 (4,712)	- (-)	17,584 (8,951)	16,948 (25,581)	25,581 (8,227)
Furniture and fixtures	15,205 (12,606)	- (2,600)	- (-)	15,205 (15,206)	12,792 (12,606)	520 (186)	- (-)	13,312 (12,792)	1,893 (2,414)	2,414 (-)
	53,108 (25,072)	1,525 (28,037)	- (-)	54,633 (53,109)	21,984 (16,845)	10,107 (5,139)	- (-)	32,091 (21,984)	22,542 (31,125)	31,125 (8,227)
B. Intangible assets										
Software	3,377 -	- (3,377)	- (-)	3,377 (3,377)	338 -	1,125 (338)	- (-)	1,463 (338)	1,914 (3,039)	3,039 (-)
Current year	56,485	1,525	-	58,010	22,322	11,232	-	33,554	24,456	34,164
Previous year	(25,072)	(31,414)	(-)	(56,486)	(16,845)	(5,477)	(-)	(22,322)	(34,164)	(8,227)

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

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 Apr 2013	Additions	Currency Translation	As at 31 Mar 2014	As at 1 Apr 2013	Depreciation for the year	Currency Translation	As at 31 Mar 2014	As at 31 Mar 2014	As at 31 Mar 2013
A. Tangible assets										
Office and other equipment	182,978 (-)	92,934 (183,686)	(17,260) (708)	293,172 (182,978)	13,081 (-)	58,136 (13,132)	(340) (51)	71,557 (13,081)	221,615 (169,897)	169,897 (-)
Computers	1,874,397 (563,903)	- (1,202,376)	(193,379) ((108,118))	2,067,776 (1,874,397)	485,860 (180,060)	526,095 (256,757)	(40,975) ((49,043))	1,052,930 (485,860)	1,014,846 (1,388,537)	1,388,537 (383,843)
Furniture and fixtures	825,327 (570,235)	- (141,674)	(85,148) ((113,473))	910,475 (825,382)	694,350 (535,465)	31,689 (10,135)	(71,084) ((148,750))	797,123 (694,350)	113,352 (131,032)	130,977 (34,770)
	2,882,702 (1,134,138)	92,934 (1,527,736)	(295,787) ((220,883))	3,271,423 (2,882,757)	1,193,291 (715,525)	615,920 (280,024)	(112,399) ((197,742))	1,921,610 (1,193,291)	1,349,813 (1,689,466)	1,689,411 (383,843)
B. Intangible assets										
Software	183,304 (-)	(202,215) (184,013)	(221,126) (709)	202,215 (183,304)	18,347 (-)	68,558 (18,418)	(699) (71)	87,604 (18,347)	114,611 (164,957)	164,957 (-)
Current year	3,066,006	(109,281)	(516,913)	3,473,638	1,211,638	684,478	(113,098)	2,009,214	1,464,424	1,854,368
Previous 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)

Note: Figures in bracket pertains to previous year.



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 Mar 2014 (USD)	As at 31 Mar 2013 (USD)	As at 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
2.9 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
Security deposits	<u>3,600</u>	<u>3,600</u>	<u>215,568</u>	<u>195,408</u>
2.10 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
	-	427,134	-	23,184,834
Less: Provision for doubtful debts	-	(427,134)	-	(23,184,834)
	-	-	-	-
b. Other trade receivables				
- Considered good	306,974	2,032,728	18,381,603	110,336,476
- Considered doubtful	-	72,866	-	3,955,166
	306,974	2,105,594	18,381,603	114,291,642
Less: Provision for doubtful debts	-	(72,866)	-	(3,955,166)
	306,974	2,032,728	18,381,603	110,336,476
	<u>306,974</u>	<u>2,032,728</u>	<u>18,381,603</u>	<u>110,336,476</u>
2.11 CASH AND CASH EQUIVALENTS				
Balance with non scheduled bank in current account :				
- PNC Bank	24,406	23,090	1,461,431	1,253,325
- Citibank	822,787	121,954	49,268,486	6,619,663
	<u>847,193</u>	<u>145,044</u>	<u>50,729,917</u>	<u>7,872,988</u>
Note : All the above balances meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statements.				
2.12 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Prepaid expenses	65,544	3,150	3,924,775	170,982
b. Supplier advances	-	312,662	-	16,971,293
c. Loans and advances to employee	48	-	2,874	-
	<u>65,592</u>	<u>315,812</u>	<u>3,927,649</u>	<u>17,142,275</u>
2.13 OTHER CURRENT ASSETS Unsecured, considered good				
a. Service Income accrued but not due	19,431	-	1,163,528	-
b. Insurance claim receivable from Holding company (see note 2.23)	1,318,074	-	78,926,271	-
	<u>1,337,505</u>	<u>-</u>	<u>80,089,799</u>	<u>-</u>



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
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2.14 SALES AND SERVICES

Software development services	3,837,336	3,011,875	233,847,256	164,117,069
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2.15 OTHER INCOME

Provision for doubtful debts, reversed (see note 2.23)	500,000	-	30,470,000	-
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2.16 EMPLOYEE BENEFITS EXPENSES

a. Salaries and wages	173,861	100,769	10,595,089	5,490,903
b. Staff welfare	3,058	18,168	186,355	989,974
	176,919	118,937	10,781,444	6,480,877

2.17 OPERATING AND OTHER EXPENSES

a. Outsourced technical service expenses	1,809,093	1,434,855	110,246,127	78,185,249
b. Rent	21,780	20,743	1,327,273	1,130,286
c. Rates and taxes	-	1,521	-	82,879
d. Power and fuel	6,737	9,581	410,553	522,069
e. Travelling	9,852	45,710	600,381	2,490,738
f. Insurance	2,658	298	161,979	16,238
g. Legal and professional charges (see note (i) below)	347,127	601,518	21,153,919	32,776,716
h. Communication	8,096	31,778	493,370	1,731,583
i. Information technology expenses	2,536	3,239	154,544	176,493
j. Advances written off	-	5,100	-	277,899
k. Provision for doubtful debts	-	500,000	-	27,245,000
l. Security charges	24,406	25,922	1,487,302	1,412,490
m. Customer claims	25,000	-	1,523,500	-
n. Miscellaneous expenses	23,413	15,089	1,426,788	822,200
	2,280,698	2,695,354	138,985,736	146,869,840

Note (i) : Legal and Professional expenses include:

Audit fees (see note below)	10,000	10,000	609,400	544,900
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Note : Audit fees for the year ended 31 March, 2013 pertains to fees paid to previous auditor.

2.18 FINANCE COST

a. Bank charges	6,411	6,426	390,686	350,153
b. Interest on loan from :-				
Holding company	8,970	13,925	546,632	758,773
Fellow subsidiary	23,253	6,438	1,417,038	350,807
	38,634	26,789	2,354,356	1,459,733



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.19 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 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
Transactions with related parties				
a. Outsourced technical service expenses				
- Nucleus Software Exports Limited	313,693	225,076	19,116,451	12,264,391
b. Interest on Loan				
- Nucleus Software Exports Limited	8,970	13,925	546,632	758,773
- Nucleus Software Solutions Pte. Ltd.	23,253	6,438	1,417,038	350,807
c. Reimbursement of expenses				
- Nucleus Software Exports Limited	36,997	144,430	2,254,590	7,869,991
- Nucleus Software Japan Kabushiki Kaisha	-	29,233	-	1,592,906
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	6,094,000	5,449,000
- Nucleus Software Solutions Pte. Ltd.	750,000	-	45,705,000	-

Outstanding balances as at year end

Particulars	As at 31 Mar 2014 (USD)	As at 31 Mar 2013 (USD)	As at 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	As at 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
a. Insurance claim receivable				
- Nucleus Software Exports Limited	1,318,074	-	78,926,271	-
b. Supplier advance				
- Nucleus Software Exports Limited	-	251,936	-	13,675,086
c. Trade payables				
- Nucleus Software Exports Limited	115,915	708,176	6,940,990	38,439,793
- Nucleus Software Japan Kabushiki Kaisha	163,191	158,754	9,771,877	8,617,167
d. Loan outstanding				
- Nucleus Software Exports Limited	200,000	300,000	11,976,000	16,284,000
- Nucleus Software Solutions Pte. Ltd.	-	750,000	-	40,710,000
e. Interest accrued but not due				
- Nucleus Software Exports Limited	2,942	2,595	176,167	140,857
- Nucleus Software Solutions Pte. Ltd.	-	6,438	-	349,474

f. As at 31 March, 2013, The Holding Company has given an undertaking to repay the amounts due to Nucleus Software Solutions Pte. Ltd., Singapore (subsidiary company) by the Company, in the event that the the Company is unable to repay the same, as and when it falls due.

NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
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2.20 EARNINGS PER SHARE

Basic and Diluted

a. Profit after tax	1,360,428	162,811	82,904,481	8,871,570
b. Weighted average number of equity shares	1,000,000	1,000,000	1,000,000	1,000,000
c. Earnings per share	1.36	0.16	82.90	8.87

2.21 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.

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

Particulars	Year ended 31 Mar 2014 (USD)	Year ended 31 Mar 2013 (USD)	Year ended 31 Mar 2014 (Rupees) (Unaudited) Refer note 1.2 (i)	Year ended 31 Mar 2013 (Rupees) (Unaudited) Refer note 1.2 (i)
Sales and services	3,837,336	3,011,875	233,847,256	164,117,069
Software development expenses	1,809,093	1,434,855	110,246,127	78,185,249
Gross Profit	2,028,243	1,577,020	123,601,129	85,931,820
Selling and marketing expenses	217,084	218,781	13,229,100	11,921,377
General and administration expenses	470,074	1,187,444	28,646,310	64,703,825
Operating profit	1,341,085	170,795	81,725,719	9,306,618
Depreciation and amortisation expense	11,232	5,477	684,478	298,442
Profit after taxation	1,329,853	165,318	81,041,241	9,008,176
Other income	500,000	-	30,470,000	-
Profit before taxation	1,829,853	165,318	111,511,241	9,008,176
Tax Expense :				
Net current tax expense	469,425	2,507	28,606,760	136,606
Profit after taxation	1,360,428	162,811	82,904,481	8,871,570



NUCLEUS SOFTWARE INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.23 During the current year ended 31 March, 2014, the Company has settled a customer claim for USD 1,230,000. As per the company the claim amount less deductible and legal fee of USD 113,073 are covered under liability insurance cover taken by the parent company. Parent company has confirmed lodging the claim for US \$ 1,318,074 with the insurer and acknowledged the above claim amount as being recoverable from them. The management is of view supported by legal opinion that the amount of insurance claim is fully recoverable.

Provision for doubtful debts of US \$ 500,000 created last year has been written back as Other income on receipt of the amount.

2.24 GOING CONCERN ASSUMPTION

The financial statements of the Company have been prepared on the basis that the Company is a going concern. However, having regard to the loss of significant customer, the ability of the Company to continue as a going concern is significantly dependent upon the improvement of the Company's future operations and continued operational and financial support from its Holding Company. The Holding Company has confirmed to provide such operational and 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.

2.25 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.

2.26 Previous year figures have been audited by another firm of Chartered Accountants.

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



For NUCLEUS SOFTWARE INC.



VISHNU R DUSAD
Director

Place : New Delhi
Date : May 2, 2014