

NUCLEUS SOFTWARE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NUCLEUS SOFTWARE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Nucleus Software Limited** ("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 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, 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.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.



- (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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



RASHIM TANDON
Partner
(Membership No. 095540)



GURGAON, 26 April, 2013
RT/SK/2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business during the year, clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx), of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified by the Management after the year end. No discrepancies were noted during such verification.
 - (c) No fixed assets were disposed off during the year.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken unsecured loan aggregating to Rs. Nil (previous year Rs. 41,786,542) during the year from its Holding Company. At the year-end, the outstanding balance of such loans taken and maximum amount involved during the year was Rs. 90,946,898 (previous year Rs. 90,946,898).
 - (c) The above-mentioned loan is non-interest bearing. In our opinion and according to the information and explanations given to us, other terms and conditions of such loans given by the Company are *prima facie*, not prejudicial to the interest of the Company.
 - (d) Since the aforesaid loan taken by the Company is not repayable in the next 12 months and is non-interest bearing hence the question of repayment of principal and interest does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The Company's operations did not give rise to purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weaknesses in such internal control system.



- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) For transactions made in pursuance of such contracts or arrangements in respect of rent for premises aggregating in excess of Rs. 5 Lacs, comparable quotations are not available and we are, therefore, unable to comment.
- (vi) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the Size of the Company and the nature of its business.
- (vii) According to the information and explanations provided to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Income Tax, Service Tax and Cess within the prescribed time with the appropriate authorities during the year. There are no undisputed amounts payable in respect of Income Tax, Service Tax and Cess as at 31 March, 2013 for a period of more than six months from the date they became payable.
- (b) We are informed that the operations of the Company during the year did not give rise to any liability for Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Excise Duty and Custom Duty.
- (c) We are informed that there are no dues in respect of Income Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the term loans availed by the company have been prima facie applied for the purposes for which they were obtained.
- (ix) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.



**Deloitte
Haskins & Sells**

- (x) According to information and explanations given to us and to the best of our knowledge and belief, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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



RASHIM TANDON
Partner
(Membership No. 095540)



GURGAON, 26 April, 2013
RT/SK/2013

NUCLEUS SOFTWARE LIMITED
BALANCE SHEET AS AT 31 MARCH, 2013

	Notes Ref.	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	100,000,000	100,000,000
b. Reserves and surplus	2.2	(18,783,978)	(14,883,949)
		81,216,022	85,116,051
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	2.3	90,946,898	90,946,898
b. Long-term provisions	2.4	290,677	198,796
		91,237,575	91,145,694
3. CURRENT LIABILITIES			
a. Trade payables	2.5	356,906	280,041
b. Other current liabilities	2.6	171,729	2,600,318
		528,635	2,880,359
		172,982,232	179,142,104
<u>ASSETS</u>			
1. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.7	167,113,250	173,366,629
- Intangible assets	2.7	153,381	259,929
		167,266,631	173,626,558
b. Non-current investments	2.8	23,000	23,000
c. Long-term loans and advances	2.9	1,842,737	1,374,851
		169,132,368	175,024,409
2. CURRENT ASSETS			
a. Current Investments	2.10	2,535,927	-
b. Trade Receivables	2.11	538,094	-
c. Cash and Cash Equivalents	2.12	192,318	2,540,442
d. Short-term loans and advances	2.13	320,556	125,309
e. Other Current Assets	2.14	262,969	1,451,944
		3,849,864	4,117,695
		172,982,232	179,142,104

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Rashim Tandon

RASHIM TANDON
Partner

Gurgaon
Date : 26 April, 2013



For and on behalf of the Board of Directors

Vishnu R Dusad

VISHNU R DUSAD
Managing Director

Prithvi Haldea

PRITHVI HALDEA
Director

Meenakshi Sharma

MEENAKSHI SHARMA
Company Secretary

New Delhi
Date : 26 April, 2013

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

	Notes Ref.	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
1. REVENUE FROM OPERATIONS			
Rent Income		8,257,656	6,193,242
2. OTHER INCOME	2.15	35,927	17,933
3. TOTAL REVENUE (1+2)		8,293,583	6,211,175
4. EXPENSES			
a. Employee benefits expense	2.16	1,139,479	1,118,429
b. Operating and other expenses	2.17	3,669,147	3,497,804
c. Finance cost - Bank Charges		686	2,229
d. Depreciation and amortisation expense	2.7	7,384,300	6,717,722
TOTAL EXPENSES		12,193,612	11,336,184
5. LOSS BEFORE TAX (3-4)		(3,900,029)	(5,125,009)
6. TAX EXPENSE	2.22	-	-
7. LOSS FOR THE YEAR (5-6)		(3,900,029)	(5,125,009)
8. EARNINGS PER SHARE			
Equity shares of Rupees 10 each			
Basic and diluted	2.19	(0.39)	(0.51)
Number of shares used in computing earnings per share		10,000,000	10,000,000

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors



RASHIM TANDON
Partner




VISHNU R DUSAD
Managing Director



PRITHVI HALDEA
Director

Gurgaon
Date : 26 April, 2013



MEENAKSHI SHARMA
Company Secretary

New Delhi
Date : 25 April, 2013

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

	Notes Ref.	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
A. Cash flow from operating activities			
Net Profit / (loss) before tax		(3,900,029)	(5,125,009)
Adjustments for:			
Depreciation		7,384,300	6,717,722
Dividend Income from current investments		(35,927)	-
(Gain)/ Loss on Sale of Fixed Assets		-	(17,933)
Operating Profit / (loss) before working capital changes		<u>3,448,344</u>	<u>1,574,780</u>
Adjustment for (increase)/decrease in operating assets			
Long-Term Loans and Advances		(467,886)	1,961,082
Current investments		(2,535,927)	-
Trade receivables		(538,094)	-
Short-Term Loans and Advances		(195,247)	79,513
Other Current Assets		1,188,975	(1,451,944)
Adjustment for increase/ (decrease) in operating liabilities			
Long-Term Liabilities		-	(997,636)
Long-Term Provisions		91,900	198,796
Current liabilities		<u>(2,351,724)</u>	<u>(5,673,288)</u>
Net cash from / (used in) operating activities (A)		(1,359,659)	(4,308,697)
B. Cash flow from investing activities			
Proceeds from Sale of Fixed Assets		-	1,451,944
Purchase of fixed assets/capital work in progress		(1,024,392)	(37,382,766)
Dividend Income from current investments		35,927	-
Net cash from / (used in) investing activities (B)		(988,465)	(35,930,822)
C. Cash flow from financing activities			
Increase in Long Term Borrowings		-	41,786,542
Net cash from/ (used in) financing activities (C)		-	41,786,542
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(2,348,124)	1,547,023
Cash and cash equivalents at the beginning of the year	2.12	2,540,442	993,419
Cash and cash equivalents at the end of the year	2.12	192,318	2,540,442
See accompanying notes forming part of the Financial Statements	1 & 2		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

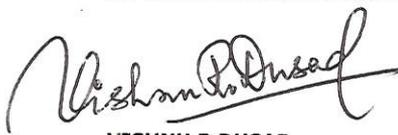


RASHIM TANDON
Partner

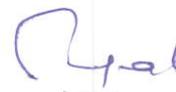
Gurgaon
Date : 26 April, 2013



For and on behalf of the Board of Directors



VISHNU R DUSAD
Managing Director



PRITHVI HALDEA
Director



MEENAKSHI SHARMA
Company Secretary

New Delhi
Date : 26 April, 2013

Note 1:

SIGNIFICANT ACCOUNTING POLICIES

1.1 Company Background

Nucleus Software Limited ('the Company') was incorporated in April 2008 in India. The Company's entire share capital is held by Nucleus Software Exports Ltd., India ('the Holding Company') and its nominees.

The Company had acquired 17.41 acres of land in a Special Economic Zone (SEZ) at Jaipur at a private sector multi-product Special Economic Zone, "Mahindra World City" in the year 2008-09. During the year 2010-11, the Company acquired the status of Co-Developer for the above land along with Mahindra World City (Jaipur) Ltd. (MWCJL). This was pursuant to approval granted by Board of Approvals (BOA) of the Ministry of Commerce in their meeting held on June 8, 2010, for developing, operating and maintaining the area of 17.41 acres in the said SEZ. In the first phase, the Company has developed an area of 2.87 acres and has let out a part of the same to the Holding Company w.e.f. 16 August 2011.

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 and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statement are recognised on accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard is 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.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP 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. Examples of such estimates include estimated useful life of fixed assets. 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 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 LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iv) Fixed assets and capital work in progress

Tangible Assets

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation and impairment losses, if any. Indirect expenditure which is related or incidental to the construction work is capitalised as part of the cost of the project assets.

Capital Work-in Progress

Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the period end, are disclosed as capital work-in-progress.

Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

(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. Leasehold land is amortised over the period of lease. Depreciation is charged on a pro-rata basis for assets purchased / sold during the period/year. Assets costing Rupees 5,000 or less are fully depreciated in the period / year of purchase.

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

<u>Particulars</u>	<u>Useful life (in years)</u>
<u>Tangible Assets :</u>	
- Building	30
- Computers	4
- Plant and equipment	5
- Furniture and Fixtures	5
<u>Intangible Assets :</u>	
- Software	3

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

(vi) Revenue Recognition

Lease income from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

Dividend income is accounted for when the right to receive it is established.



(vii) 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 period are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are restated at the exchange rate prevalent at the date of Balance Sheet. The resulting difference is recorded in the Statement of Profit and Loss.

(viii) Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

(ix) 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.

(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.

Long-Term Employee Benefits

The company's long term employee benefits include Gratuity and Compensated Absences. The liability in respect of these benefits is provided on actuals on the basis of calculations made by the company.

(xi) Taxes on Income

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for 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 are 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



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate.

(xii) Impairment of assets

Management periodically assesses using, external and internal sources whether there is an indication that an asset may be impaired. An 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.

(xiii) 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 estimation of the obligation 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.

(xiv) Operating Cycle

Based on the nature of 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 LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.1 SHARE CAPITAL		
a. Authorized 10,000,000 Previous Year (10,000,000) equity shares of Rs.10 each	100,000,000	100,000,000
b. Issued, Subscribed and Fully Paid-Up 10,000,000 Previous Year (10,000,000) equity shares of Rs.10 each.	100,000,000	100,000,000

Refer notes (i) to (iii) below

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

As at the beginning of the year		
- Number of Shares	10,000,000	10,000,000
- Amount	100,000,000	100,000,000
Shares issues/ (bought back) during the year		
- Number of Shares	-	-
- Amount	-	-
As at the end of the year		
- Number of Shares	10,000,000	10,000,000
- Amount	100,000,000	100,000,000

(ii) **Rights, preferences and restrictions attached to shares**

The company has one class of equity shares having par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) **Details of shares held by the Holding Company**

Nucleus Software Exports Limited		
- Number of Shares (See note below)	10,000,000	10,000,000
- Percentage	100%	100%
- Amount	100,000,000	100,000,000

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

2.2 RESERVES AND SURPLUS

Surplus/ (Deficit) in Statement of Profit and Loss

Opening Balance	(14,883,949)	(9,758,940)
Add: Profit / (loss) for the year	(3,900,029)	(5,125,009)
Closing balance	(18,783,978)	(14,883,949)
Total	(18,783,978)	(14,883,949)

2.3 LONG-TERM BORROWINGS

Unsecured loans

Loan from Holding company	90,946,898	90,946,898
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Note: The above loan is repayable on demand after five years from 1 April 2013 and is interest free.



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.4 LONG-TERM PROVISIONS		
Provision for employee benefits		
- Compensated absences	151,520	92,298
- Gratuity	139,157	106,498
	<u>290,677</u>	<u>198,796</u>
2.5 TRADE PAYABLES		
Trade Payables		
- Micro and small enterprises (see note below)	-	-
- Others	356,906	280,041
	<u>356,906</u>	<u>280,041</u>
<p>Note : The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.</p>		
2.6 OTHER CURRENT LIABILITIES		
a. Retention money	114,301	2,534,414
b. Other payables - statutory remittances	57,428	65,904
	<u>171,729</u>	<u>2,600,318</u>



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.7 Fixed Assets

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 1 April 2012	Additions during the year	Deductions / adjustments	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	As at 31 March 2013	As at 31 March 2012
Tangible assets								
Leasehold land	121,447,361 (121,447,361)	-	-	121,447,361 (121,447,361)	4,687,470 (3,437,586)	1,249,884 (1,249,884)	115,510,007 (116,759,891)	116,759,891 (118,009,775)
Building	39,074,960 (1,152,955)	325,807 (37,922,025)	-	39,400,747 (39,074,960)	864,629 (38,432)	1,318,337 (826,197)	37,217,781 (38,210,331)	38,210,331 (1,114,523)
Plant and Equipment	13,376,090	15,000 (13,376,090)	-	13,391,090 (13,376,090)	2,148,942	2,562,952 (2,148,942)	8,678,196 (11,227,148)	11,227,148
Computers	4,712,192	342,743 (6,146,203)	(1,434,011)	5,054,935 (4,712,192)	695,743	1,311,224 (695,743)	3,047,968 (4,016,449)	4,016,449
Furniture and fixtures	4,918,967	340,842 (4,918,967)	-	5,259,809 (4,918,967)	1,766,157	834,355 (1,766,157)	2,659,297 (3,152,810)	3,152,810
Intangible assets								
Software	183,529,570 (122,600,316)	1,024,392 (62,363,285)	(1,434,011)	184,553,942 (183,529,570)	10,162,941 (3,476,018)	7,277,752 (6,686,923)	167,113,250 (173,366,629)	173,366,629 (119,124,298)
Total	183,820,298 (122,600,316)	1,024,392 (62,654,013)	(1,434,011)	184,844,670 (183,820,298)	10,193,740 (3,476,018)	7,384,300 (6,717,722)	167,266,631 (173,626,558)	173,626,558 (119,124,298)

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



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.8 NON CURRENT INVESTMENTS (at cost)		
Non Trade (unquoted)		
Investment in government securities	23,000	23,000
Note: The above is provided as security to government authorities		
2.9 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)		
a. Capital advances	-	155,926
b. Security deposit	599,600	599,600
c. Prepaid Expenses	73,024	-
d. Advance Income tax	1,170,113	619,325
	<u>1,842,737</u>	<u>1,374,851</u>
2.10 CURRENT INVESTMENTS (at the lower of cost and fair value)		
Investments in Liquid Schemes of Mutual Funds (Quoted, Non trade)		
2506.8 units (Previous year NIL) in Kotak Floater Short Term Fund- Daily Dividend-Reinvestment Option	<u>2,535,927</u>	-
Market Value of Investments	2,535,927	-
2.11 TRADE RECEIVABLES (Unsecured, considered good)		
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
b. Other trade receivables	538,094	-
	<u>538,094</u>	-
Note: The above includes receivable from companies under the same management within the meaning of section 370(1B) of Companies Act, 1956.		
- Nucleus Software Exports Limited	538,094	-
2.12 CASH AND CASH EQUIVALENTS		
a. Cash on hand	28	-
b. Balances with scheduled banks: - in current accounts	192,290	2,540,442
	<u>192,318</u>	<u>2,540,442</u>
Details of balances as on balance sheet dates with scheduled banks in current accounts:-		
- Citi Bank	122,340	2,229,208
- HDFC Bank	69,950	311,234
	<u>192,290</u>	<u>2,540,442</u>
Note : All the above balances meet the definition of Cash and Cash Equivalents as per AS -3 Cash Flow Statements		
2.13 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
a. Prepaid Expenses	41,601	-
b. Balance with Government authorities- Service Tax credit receivable	9,912	-
c. Others - Advance to Suppliers	269,043	125,309
	<u>320,556</u>	<u>125,309</u>
2.14 OTHER CURRENT ASSETS		
Receivable from Holding Company	<u>262,969</u>	<u>1,451,944</u>



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
2.15 OTHER INCOME		
a. Dividend Income from current investments	35,927	-
b. Other Non-Operating Income- Profit on sale of fixed assets	-	17,933
	35,927	17,933
2.16 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and Wages	1,033,483	998,114
b. Provision for Gratuity and Compensated Absences	88,746	106,498
c. Staff welfare expenses	17,250	13,817
	1,139,479	1,118,429
2.17 OPERATING AND OTHER EXPENSES		
a. Power and fuel	70,160	228,395
b. Repair and maintenance - Others	1,927,970	1,834,965
c. Insurance	-	34,409
d. Rates and Taxes	3,682	742
e. Communication	26,098	8,327
f. Travelling - Domestic	36,570	69,065
g. Legal and professional (see note 2.18)	1,455,261	987,610
h. Directors' sitting fees	120,000	240,000
i. Advances written off	16,122	-
j. Miscellaneous expenses	13,284	94,291
	3,669,147	3,497,804
2.18 Legal and Professional expenses include:		
Payment to Statutory Auditors		
Audit Fees	200,000	200,000
Reimbursement of Expenses	9,463	-
	209,463	200,000
2.19 Earnings per share		
a. Loss after taxation available to equity shareholders (Rupees)	(3,900,029)	(5,125,009)
b. Weighted average number of equity shares used in calculating earnings per share	10,000,000	10,000,000
c. Basic and Diluted earnings per share (Rupees)	(0.39)	(0.51)



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.20 RELATED PARTY TRANSACTIONS

List of related parties- where control exists

- a. Holding Company**
- Nucleus Software Exports Limited
- b. Key Management Personnel**
- Mr. Vishnu R. Dusad, Managing Director

Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
Transactions with related parties		
a. Rent Income		
- Nucleus Software Exports Limited	8,257,656	6,193,242
b. Unsecured Loans		
- Nucleus Software Exports Limited	-	41,786,542
c. Sale of Computers		
- Nucleus Software Exports Limited	-	1,434,011
Outstanding balances as at year end		

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
a. Unsecured Loans		
- Nucleus Software Exports Limited	(90,946,898)	(90,946,898)
b. Trade Receivables		
- Nucleus Software Exports Limited	538,094	-
c. Other Current Assets		
- Nucleus Software Exports Limited	262,969	1,451,944
d. Share Capital		
- Nucleus Software Exports Limited (see note below)	(100,000,000)	(100,000,000)

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

2.21 Segment Reporting

Based on the guiding principles stated in Accounting Standard-17 on "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 No provision for tax has been made in view of the losses in the current year. As at 31 March 2013, 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, 2013.



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.23 Function wise classification of the Statement of Profit and Loss (unaudited)

Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
Income from rental services	8,257,656	6,193,242
Gross Profit	8,257,656	6,193,242
General and administration expenses	4,809,312	4,618,462
Operating profit before depreciation	3,448,344	1,574,780
Depreciation	7,384,300	6,717,722
Operating profit after depreciation	(3,935,956)	(5,142,942)
Other income	35,927	17,933
Profit before taxation	(3,900,029)	(5,125,009)
Tax expense	-	-
Profit after taxation	(3,900,029)	(5,125,009)

2.24 Transfer Pricing

The Company is operating in a Special Economic Zone (SEZ) at Jaipur. The income of an enterprise operating in SEZ is eligible for exemption under section 10AA of the Income Tax Act, 1961. The Company is in the process of establishing a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

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



For and on behalf of the Board of Directors


VISHNU R DUSAD

Managing Director



PRITHVI HALDEA
Director



MEENAKSHI SHARMA
Company Secretary

New Delhi
Date : 26 April, 2013