

**NUCLEUS SOFTWARE LIMITED**

**AUDITED FINANCIAL STATEMENT**

**FOR THE YEAR ENDED**

**31 MARCH, 2014**

## **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, 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.



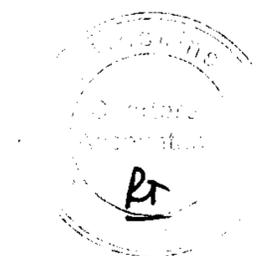
**Opinion**

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.

**Report on Other Legal and Regulatory Requirements**

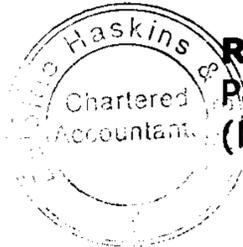
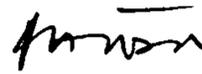
- 1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report 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 notified under 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).



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- (e) On the basis of the written representations received from the directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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



**RASHIM TANDON**  
Partner  
(Membership No. 095540)

Place : Gurgaon  
Date : May 3, 2014

**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 (vi), (xii), (xiii), (xiv), (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 during the year. No discrepancies were noted during such verification.
  - (c) No fixed assets were disposed off during the year.
- (iii) The Company's operation does not give rise to sale and purchase of inventory. Accordingly, the provisions of clause 4 (ii) of the Order are not applicable to the Company.
- (iv)
  - (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 had taken unsecured loan from its Holding Company during the year ended 31 March, 2012. At the year-end, the outstanding balance of such loans taken was Rupees 85,950,634 (previous year Rupees 90,946,898) and maximum amount involved during the year was Rupees 90,946,898 (previous year Rupees 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.
- (v) 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.



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- (vi) 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) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of Rs. 5 lakhs in respect of any party, comparable quotations are not available and in respect of which we are, therefore, unable to comment.
- (vii) 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.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for the Company.
- (ix) 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, 2014 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.
- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us and the records examined by us, the Company has not taken any loans from financial institutions and banks nor has it issued any debentures and other securities. Accordingly, the provisions of clause 4 (xi) of the Order are not applicable to the Company.



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- (xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiii) 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.
- (xiv) 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.
- (xv) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to information and explanations given to us and to the best of our knowledge and belief, no fraud by the Company or no material fraud on the Company was noticed or reported during the year.

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

*Rashim Tandon*



**RASHIM TANDON**  
Partner  
(Membership No. 095540)

Place : Gurgaon  
Date : May 3, 2014

**NUCLEUS SOFTWARE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2014**

	Notes Ref.	As at 31 Mar 2014 (Rupees)	As at 31 Mar 2013 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share capital	2.1	100,000,000	100,000,000
b. Reserves and surplus	2.2	(12,338,310)	(18,783,978)
		<b>87,661,690</b>	<b>81,216,022</b>
<b>2. NON-CURRENT LIABILITIES</b>			
a. Long-term borrowings	2.3	85,950,634	90,946,898
b. Long-term provisions	2.4	325,390	290,677
		<b>86,276,024</b>	<b>91,237,575</b>
<b>3. CURRENT LIABILITIES</b>			
a. Trade payables	2.5	1,458,489	356,905
b. Other current liabilities	2.6	3,838,332	171,729
		<b>5,296,821</b>	<b>528,634</b>
		<b>179,234,535</b>	<b>172,982,231</b>
<b><u>ASSETS</u></b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed assets			
- Tangible assets	2.7	160,220,866	167,113,249
- Intangible assets	2.7	123,636	153,381
		<b>160,344,503</b>	<b>167,266,630</b>
b. Non-current investments	2.8	23,000	23,000
c. Long-term loans and advances	2.9	2,673,958	1,842,737
		<b>163,041,461</b>	<b>169,132,367</b>
<b>2. CURRENT ASSETS</b>			
a. Current investments	2.10	11,737,144	2,535,927
b. Trade receivables	2.11	104,943	538,094
c. Cash and cash equivalents	2.12	3,105,796	192,318
d. Short-term loans and advances	2.13	1,201,600	320,556
e. Other current assets	2.14	43,591	262,969
		<b>16,193,074</b>	<b>3,849,864</b>
		<b>179,234,535</b>	<b>172,982,231</b>

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

Place : Gurgaon  
Date : May 3, 2014



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

Place : New Delhi  
Date : May 3, 2014

**NUCLEUS SOFTWARE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014**

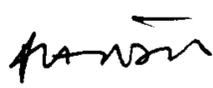
	Notes Ref.	Year ended 31 Mar 2014 (Rupees)	Year ended 31 Mar 2013 (Rupees)
<b>1. REVENUE FROM OPERATIONS</b>			
Rent income		16,759,722	8,257,656
<b>2. OTHER INCOME</b>	2.15	441,222	35,927
<b>3. TOTAL REVENUE (1+2)</b>		<b>17,200,944</b>	<b>8,293,583</b>
<b>4. EXPENSES</b>			
a. Employee benefits expense	2.16	1,402,782	1,139,479
b. Operating and other expenses	2.17	1,987,684	3,669,147
c. Finance cost - bank charges		698	686
d. Depreciation and amortisation expense	2.7	7,364,112	7,384,300
<b>TOTAL EXPENSES</b>		<b>10,755,276</b>	<b>12,193,612</b>
<b>5. PROFIT / (LOSS) BEFORE TAX (3-4)</b>		<b>6,445,668</b>	<b>(3,900,029)</b>
<b>6. TAX EXPENSE</b>			
a. Current tax expense	2.22	496,214	-
b. MAT credit entitlement	2.22	(496,214)	-
<b>NET CURRENT TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>7. PROFIT / (LOSS) FOR THE YEAR (5-6)</b>		<b>6,445,668</b>	<b>(3,900,029)</b>
<b>8. EARNINGS PER SHARE</b>			
Equity shares of Rupees 10 each			
Basic and diluted	2.19	0.64	(0.39)
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

  
**RASHIM TANDON**  
Partner

Place : Gurgaon  
Date : May 3, 2014



For and on behalf of the Board of Directors



**VISHNU R DUSAD**  
Managing Director



**PRITHVI HALDEA**  
Director



**MEENAKSHI SHARMA**  
Company Secretary

Place : New Delhi  
Date : May 3, 2014

**NUCLEUS SOFTWARE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014**

	<u>Notes Ref.</u>	<u>Year ended 31 Mar 2014 (Rupees)</u>	<u>Year ended 31 Mar 2013 (Rupees)</u>
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax		6,445,668	(3,900,029)
Adjustments for:			
Depreciation and amortisation expense		7,364,112	7,384,300
Dividend income from current investments		(401,217)	(35,927)
Provision for doubtful advances		244,734	-
Operating Profit / (loss) before working capital changes		<u>13,653,297</u>	<u>3,448,344</u>
Adjustment for (increase)/decrease in operating assets			
Long-term loans and advances		(311,866)	(467,886)
Decrease / (increase) in trade receivable		433,151	(538,094)
Short-term loans and advances		(1,125,778)	(195,247)
Decrease / (increase) in other current assets		219,378	1,188,975
Adjustment for increase/ (decrease) in operating liabilities			
Long-term provisions		34,713	91,900
Trade payable and other current liabilities		4,768,186	(2,351,724)
		<u>17,671,081</u>	<u>1,176,268</u>
Income tax paid		519,355	-
<b>Net cash from / (used in) operating activities (A)</b>		<b><u>17,151,726</u></b>	<b><u>1,176,268</u></b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets/capital work in progress		(441,984)	(1,024,392)
Decrease / (increase) in current investments		(9,201,217)	(2,535,927)
Dividend income from current investments		401,217	35,927
<b>Net cash from / (used in) investing activities (B)</b>		<b><u>(9,241,984)</u></b>	<b><u>(3,524,392)</u></b>
<b>C. Cash flow from financing activities</b>			
Repayment of long-term borrowings to Holding Company		(4,996,264)	-
<b>Net cash from/ (used in) financing activities (C)</b>		<b><u>(4,996,264)</u></b>	<b><u>-</u></b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		<b><u>2,913,478</u></b>	<b><u>(2,348,124)</u></b>
Cash and cash equivalents at the beginning of the year	2.12	192,318	2,540,442
Cash and cash equivalents at the end of the year	2.12	<b><u>3,105,796</u></b>	<b><u>192,318</u></b>
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

Place : Gurgaon  
Date : May 3, 2014



For and on behalf of the Board of Directors

*Vishnu R Dusat*

**VISHNU R DUSAD**  
Managing Director

*Prithvi Haldea*

**PRITHVI HALDEA**  
Director

*Meenakshi Sharma*

**MEENAKSHI SHARMA**  
Company Secretary

Place : New Delhi  
Date : May 3, 2014

**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**Note 1:**

**1.1 Company Background**

Nucleus Software Limited ('the Company') was incorporated on 21 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 party of the same to the Holding Company w.e.f. 16 August 2011.

During the year, the Company has also let out a part of the SEZ unit to third party on short term lease basis.

**1.2 Significant accounting policies**

**(i) Basis of preparation**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and in accordance with the provisions of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs), as adopted consistently by the Company.

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 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.

**(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 and cash equivalents (for the purpose of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(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) 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:

<b>Particulars</b>	<b>Useful life (in years)</b>
<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 comprising of rent and other related services from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

**(vii) Other income**

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

**(viii) 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

Capital work-in-progress is carried out at cost, comprising direct cost and related incidental expenses.

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.



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(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 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.

**(x) 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.

**(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) 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.

**(xiii) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(xiv) 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.

**(xv) 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.

**(xvi) 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**

**2.1 SHARE CAPITAL**

Particulars	As at 31 Mar 2014 (Rupees)	As at 31 Mar 2013 (Rupees)
a. <b>Authorized</b> 10,000,000 (Previous Year 10,000,000) equity shares of Rupees 10 each	<b>100,000,000</b>	<b>100,000,000</b>
b. <b>Issued, Subscribed and Fully Paid-Up</b> 10,000,000 (Previous Year 10,000,000) equity shares of Rupees 10 each. Refer notes (i) to (iii) below	<b>100,000,000</b>	<b>100,000,000</b>

Notes :

(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 issued / (brought 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 a par value of Rupees 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*	10,000,000	10,000,000
- Percentage	100%	100%
- Amount	100,000,000	100,000,000

\*Of the above, 6 (previous year 6) equity shares, fully paid up, 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	(18,783,978)	(14,883,949)
Add: Profit / (loss) for the year	6,445,668	(3,900,029)
Closing balance	<b>(12,338,310)</b>	<b>(18,783,978)</b>



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 Mar 2014 (Rupees)	As at 31 Mar 2013 (Rupees)
-------------	----------------------------------	----------------------------------

**2.3 LONG-TERM BORROWINGS**

**Unsecured loans**

Loan from Holding Company

85,950,634

90,946,898

Note : The above loan is repayable on demand after five years from 1 April 2013 and is interest free. During the year ended 31 March, 2014, the Company has repaid Rupees 4,996,264.

**2.4 LONG-TERM PROVISIONS**

Provision for employee benefits

- Compensated absences

128,184

151,520

- Gratuity

197,206

139,157

325,390

290,677

**2.5 TRADE PAYABLES**

Trade Payables

- Micro and small enterprises (refer note below)

-

-

- Others

1,458,489

356,906

1,458,489

356,906

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 auditor.

**2.6 OTHER CURRENT LIABILITIES**

a. Retention money

-

114,301

b. Security deposits received

3,220,346

-

c. Advance rent

546,198

-

d. Other payables - statutory liabilities

71,788

57,428

3,838,332

171,729



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**2.7 FIXED ASSETS (at Cost)**

(Amount in Rupees)

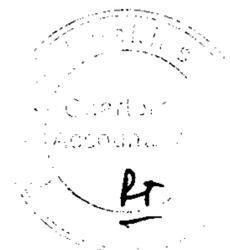
PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/ AMORTISATION			NET BLOCK	
	As at 1 Apr 2013	Additions during the year	As at 31 Mar 2014	As at 1 Apr 2013	Depreciation for the year	As at 31 Mar 2014	As at 31 Mar 2014	As at 31 Mar 2013
<b>Tangible assets</b>								
Leasehold land	121,447,361 (121,447,361)	- (-)	121,447,361 (121,447,361)	5,937,354 (4,687,470)	1,249,884 (1,249,884)	7,187,238 (5,937,354)	114,260,123 (115,510,007)	115,510,007 (116,759,891)
Building	39,400,747 (39,074,960)	41,250 (325,787)	39,441,997 (39,400,747)	2,182,966 (864,629)	1,321,999 (1,318,337)	3,504,965 (2,182,966)	35,937,032 (37,217,781)	37,217,781 (38,210,331)
Plant and equipment	13,391,090 (13,376,090)	231,381 (15,000)	13,622,471 (13,391,090)	4,712,894 (2,148,942)	2,576,730 (2,563,952)	7,289,624 (4,712,894)	6,332,847 (8,678,196)	8,678,196 (11,227,148)
Computers	5,054,935 (4,712,192)	- (342,743)	5,054,935 (5,054,935)	2,006,967 (695,743)	1,276,865 (1,311,224)	3,283,832 (2,006,967)	1,771,103 (3,047,968)	3,047,968 (4,016,449)
Furniture and fixtures	5,259,809 (4,918,967)	57,753 (340,842)	5,317,562 (5,259,809)	2,600,512 (1,766,157)	797,289 (834,355)	3,397,801 (2,600,512)	1,919,761 (2,659,297)	2,659,297 (3,152,810)
<b>Total</b>	<b>184,553,942</b>	<b>330,384</b>	<b>184,884,326</b>	<b>17,440,693</b>	<b>7,222,767</b>	<b>24,663,460</b>	<b>160,220,866</b>	<b>167,113,249</b>
Previous Year	(183,529,570)	(1,024,372)	(184,553,942)	(10,162,941)	(7,277,752)	(17,440,693)	(167,113,249)	(173,366,629)
<b>Intangible assets</b>								
Softwares	290,728 (290,728)	111,600 (-)	402,328 (290,728)	137,347 (30,799)	141,345 (106,548)	278,692 (137,347)	123,636 (153,381)	153,381 (259,929)
<b>Total</b>	<b>184,844,670</b>	<b>441,984</b>	<b>185,286,654</b>	<b>17,578,040</b>	<b>7,364,112</b>	<b>24,942,152</b>	<b>160,344,502</b>	<b>167,266,630</b>
Previous Year	(183,820,298)	(1,024,372)	(184,844,670)	(10,193,740)	(7,384,300)	(17,578,040)	(167,266,630)	(173,626,558)

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



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>As at 31 Mar 2014 (Rupees)</b>	<b>As at 31 Mar 2013 (Rupees)</b>
<b>2.8 NON CURRENT INVESTMENTS (at cost)</b>		
<b>Non Trade (unquoted)</b>		
Investment in Government securities	<u>23,000</u>	<u>23,000</u>
Note : The above is provided as security to government authorities		
<b>2.9 LONG-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)		
a. Security deposit	939,095	599,600
b. Prepaid expenses	45,395	73,024
c. Advance income tax (net of provision Rupees 496,214 (previous year Rupees Nil))	1,193,254	1,170,113
d. MAT credit entitlement (see note 2.22)	496,214	-
	<u>2,673,958</u>	<u>1,842,737</u>
<b>2.10 CURRENT INVESTMENTS (at the lower of cost and fair value)</b>		
<b>- Liquid Schemes of Mutual Funds (Quoted, Non trade)</b>		
10,381.08 units (Previous year Nil) in Kotak Floater Short Term Fund-Direct Plan-Daily Dividend-Reinvestment Option	10,501,711	-
1,221.249 units (Previous year 2,506.80) in Kotak Floater Short Term Fund- Regular-Daily Dividend-Reinvestment Option	1,235,433	2,535,927
	<u>11,737,144</u>	<u>2,535,927</u>
Aggregate market value of quoted investments	11,737,144	2,535,927
<b>2.11 TRADE RECEIVABLES</b> (Unsecured, considered good)		
Trade receivables outstanding for a period less than six months from the date they were due for payment	<u>104,943</u>	<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



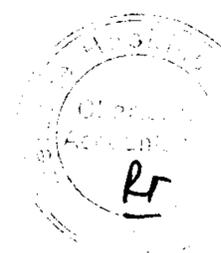
**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 Mar 2014 (Rupees)	As at 31 Mar 2013 (Rupees)
<b>2.12 CASH AND CASH EQUIVALENTS</b>		
a. Cash on hand	28	28
b. Balances with scheduled banks: - in current accounts	3,105,768	192,290
	<b>3,105,796</b>	<b>192,318</b>
<b>Details of balances as on balance sheet dates with scheduled banks in current accounts:-</b>		
- Citi Bank	2,674,352	122,340
- HDFC Bank	431,416	69,950
	<b>3,105,768</b>	<b>192,290</b>
Note : All the above balances meet the definition of Cash and Cash Equivalents as per AS -3 Cash Flow Statements.		
<b>2.13 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured</b>		
a. Prepaid expenses	40,142	41,601
b. Balance with Government authorities- Service Tax credit receivable	-	9,912
c. Others - Advance to suppliers - considered good - considered doubtful	1,161,458 244,734	269,043 -
	1,406,192	269,043
Less : Provision for doubtful advances	(244,734)	-
	1,161,458	269,043
	<b>1,201,600</b>	<b>320,556</b>
<b>2.14 OTHER CURRENT ASSETS</b>		
a. Rent income accrued but not due	43,591	-
b. Receivable from Holding Company	-	262,969
	<b>43,591</b>	<b>262,969</b>



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended 31 Mar 2014 (Rupees)	Year ended 31 Mar 2013 (Rupees)
<b>2.15 OTHER INCOME</b>		
a. Dividend income from current investments	401,217	35,927
b. Interest on income tax refund	40,005	-
	<b>441,222</b>	<b>35,927</b>
<b>2.16 EMPLOYEE BENEFITS EXPENSE</b>		
a. Salaries and wages	1,331,533	1,089,570
b. Gratuity expense	58,049	32,659
c. Staff welfare expenses	13,200	17,250
	<b>1,402,782</b>	<b>1,139,479</b>
<b>2.17 OPERATING AND OTHER EXPENSES</b>		
a. Power and fuel	58,470	70,160
b. Repair and maintenance		
- Others	435,635	1,927,970
c. Insurance	30,543	-
d. Rates and taxes	100	3,682
e. Communication	158,732	26,098
f. Travelling		
- Domestic	24,157	36,570
g. Professional charges (see note 2.18)	800,885	1,455,261
h. Directors' sitting fees	120,000	120,000
i. Provision for doubtful advances	244,734	-
j. Advances written off	-	16,122
k. Miscellaneous expenses	114,428	13,284
	<b>1,987,684</b>	<b>3,669,147</b>
<b>2.18 Professional charges include:</b>		
Payment to auditors (net of service tax input credit)		
- As auditors - statutory audit	200,000	200,000
- Reimbursement of expenses	-	9,463
	<b>200,000</b>	<b>209,463</b>
<b>2.19 Earnings per share</b>		
a. Profit /(Loss) after taxation available to equity shareholders (Rupees)	6,445,668	(3,900,029)
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)	0.64	(0.39)



**NUCLEUS SOFTWARE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**2.20 RELATED PARTY TRANSACTIONS**

**List of related parties- where control exists**

- a. The Holding Company**  
 - Nucleus Software Exports Limited

Particulars	Year ended 31 Mar 2014 (Rupees)	Year ended 31 Mar 2013 (Rupees)
<b>Transactions with related parties</b>		
<b>a. Rent income</b>	9,496,296	8,257,656
<b>b. Repayment of unsecured loans</b>	4,996,264	-

**Outstanding balances as at year end**

Particulars	As at 31 Mar 2014 (Rupees)	As at 31 Mar 2013 (Rupees)
<b>a. Unsecured loans</b>	85,950,634	90,946,898
<b>b. Trade receivables</b>	-	538,094
<b>c. Other current assets</b>	-	262,969
<b>d. Share Capital</b>	100,000,000	100,000,000

**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** 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.

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**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 Mar 2014 (Rupees)	Year ended 31 Mar 2013 (Rupees)
Income from rental services	16,759,722	8,257,656
<b>Gross Profit</b>	<b>16,759,722</b>	<b>8,257,656</b>
General and administration expenses	3,391,164	4,809,312
<b>Operating profit/(loss) before depreciation</b>	<b>13,368,558</b>	<b>3,448,344</b>
Depreciation and amortisation expense	7,364,112	7,384,300
<b>Operating profit/(loss) after depreciation</b>	<b>6,004,446</b>	<b>(3,935,956)</b>
Other income	441,222	35,927
<b>Profit/(loss) before taxation</b>	<b>6,445,668</b>	<b>(3,900,029)</b>
Tax expense	-	-
<b>Profit/(loss) after taxation</b>	<b>6,445,668</b>	<b>(3,900,029)</b>

**2.24 Transfer Pricing**

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

Place : New Delhi  
Date : May 3, 2014