

**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
NUCLEUS SOFTWARE NETHERLANDS B.V.**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of **NUCLEUS SOFTWARE NETHERLANDS B.V.** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, 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 Board of Directors are responsible for 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 principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the Act'), as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial



# Deloitte Haskins & Sells

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

## 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, of the state of affairs of the Company as at 31 March, 2016, and its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 2.20 to the financial statements which states that the Company has accumulated losses as at 31 March 2016. Having regard to the accumulated losses of the Company which have substantially eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from Nucleus Software Exports Limited, the Holding Company.

Our opinion is not qualified in respect of this matter.

## Restriction on Distribution and Use

These financial statements have been prepared to assist the Holding Company for preparation of its 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.

Noida,  
3 May, 2016



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

A handwritten signature in black ink that reads "Sameer Rohatgi".

**SAMEER ROHATGI**  
Partner  
(Membership No. 094039)

**NUCLEUS SOFTWARE NETHERLANDS B.V.**  
**BALANCE SHEET AS AT 31 MARCH 2016**

	Notes No.	As at	As at	As at	As at
		31 March 2016 (Euro)	31 March 2015 (Euro)	31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>A. EQUITY AND LIABILITIES</b>					
<b>1. SHAREHOLDERS' FUNDS</b>					
a. Share capital	2.1	750,000	400,000	55,800,000	26,760,000
b. Reserves and surplus	2.2	<u>(704,301)</u>	<u>(681,510)</u>	<u>(52,399,998)</u>	<u>(45,592,986)</u>
		<b>45,699</b>	<b>(281,510)</b>	<b>3,400,002</b>	<b>(18,832,986)</b>
<b>2. CURRENT LIABILITIES</b>					
a. Trade payables	2.3				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,015	339,156	521,916	22,689,510
b. Other current liabilities	2.4	<u>20,240</u>	<u>22,182</u>	<u>1,505,856</u>	<u>1,483,981</u>
		<b>27,255</b>	<b>361,338</b>	<b>2,027,772</b>	<b>24,173,491</b>
		<u><b>72,954</b></u>	<u><b>79,828</b></u>	<u><b>5,427,774</b></u>	<u><b>5,340,505</b></u>
<b>B. ASSETS</b>					
<b>1. NON-CURRENT ASSETS</b>					
a. Fixed assets					
- Tangible assets	2.5	-	-	-	-
b. Long-term loans and advances	2.6	-	6,184	-	413,710
		-	<b>6,184</b>	-	<b>413,710</b>
<b>2. CURRENT ASSETS</b>					
a. Trade receivables	2.7	-	11,745	-	785,713
b. Cash and Cash Equivalents	2.8	42,335	35,741	3,149,724	2,391,090
c. Short-term loans and advances	2.9	<u>30,619</u>	<u>26,158</u>	<u>2,278,050</u>	<u>1,749,992</u>
		<b>72,954</b>	<b>73,644</b>	<b>5,427,774</b>	<b>4,926,795</b>
		<u><b>72,954</b></u>	<u><b>79,828</b></u>	<u><b>5,427,774</b></u>	<u><b>5,340,505</b></u>

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

In terms of our report attached

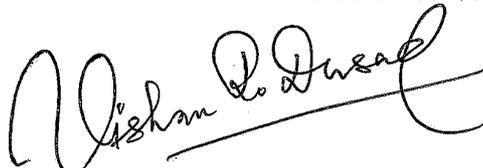
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

  
**SAMEER ROHATGI**  
Partner



Place : Noida  
Date : 03 May 2016

For and on behalf of the Board of Directors



**VISHNU R DUSAD**  
General Managing Director

Place : Noida  
Date : 03 May 2016

**NUCLEUS SOFTWARE NETHERLANDS B.V.**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

	Notes No.	Year ended	Year ended	Year ended	Year ended
		31 March 2016 (Euro)	31 March 2015 (Euro)	31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>1. REVENUE FROM OPERATIONS</b>					
Sales and services	2.10	97,349	98,385	6,979,887	7,688,787
<b>TOTAL REVENUE</b>		<b>97,349</b>	<b>98,385</b>	<b>6,979,887</b>	<b>7,688,787</b>
<b>2. EXPENSES</b>					
a. Operating and other expenses	2.11	118,494	115,622	8,496,020	9,035,890
b. Finance cost - Bank Charges	2.12	1,646	1,581	117,986	123,524
c. Depreciation	2.5	-	-	-	-
<b>TOTAL EXPENSES</b>		<b>120,140</b>	<b>117,203</b>	<b>8,614,006</b>	<b>9,159,414</b>
<b>3. LOSS FOR THE YEAR (1-2)</b>		<b>(22,791)</b>	<b>(18,818)</b>	<b>(1,634,119)</b>	<b>(1,470,627)</b>
<b>4. EARNINGS PER EQUITY SHARE</b>					
Equity shares of Euro 100 each					
a. Basic and Diluted	2.16	(4.64)	(4.70)	(332.75)	(367.65)
Number of shares used in computing earnings per share		4,911	4,000	4,911	4,000

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board of Directors

  
**SAMEER ROHATGI**  
Partner



Place : Noida  
Date : 03 May 2016

  
**VISHNU R DUSAD**  
General Managing Director

Place : Noida  
Date : 03 May 2016

**NUCLEUS SOFTWARE NETHERLANDS B.V.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

Notes Ref.	Year ended 31 March 2016 (Euro)	Year ended 31 March 2015 (Euro)	Year ended 31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax	(22,791)	(18,818)	(1,634,119)	(1,470,627)
Adjustments for:				
Exchange difference on translation of foreign currency accounts	-	-	206,500	(297,317)
<b>Operating profit/ (loss) before working capital changes</b>	<b>(22,791)</b>	<b>(18,818)</b>	<b>(1,427,619)</b>	<b>(1,767,943)</b>
Adjustment for (increase)/decrease in operating assets				
Decrease / (increase) in other current assets				
Trade Receivables	11,745	62,124	873,797	4,156,123
Short -Term Loans and Advances	1,723	(18,792)	128,220	(1,257,201)
Adjustment for increase/ (decrease) in operating liabilities				
Trade payables	(332,141)	(35,763)	(24,711,273)	(2,392,571)
Other current liabilities	(1,942)	13,849	(144,491)	926,503
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(343,406)</b>	<b>2,600</b>	<b>(25,281,366)</b>	<b>(335,089)</b>
<b>B. Cash flow from financing activities</b>				
Proceeds from Issue of share capital	350,000	-	26,040,000	-
<b>Net cash flow from financing activities (B)</b>	<b>350,000</b>	<b>-</b>	<b>26,040,000</b>	<b>-</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B)</b>	<b>6,594</b>	<b>2,600</b>	<b>758,634</b>	<b>(335,089)</b>
<b>Cash and cash equivalents at the beginning of the Year</b>	<b>35,741</b>	<b>33,141</b>	<b>2,391,090</b>	<b>2,726,179</b>
<b>Cash and cash equivalents at the end of the Year</b>	<b>42,335</b>	<b>35,741</b>	<b>3,149,724</b>	<b>2,391,090</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

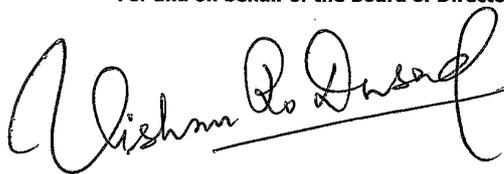
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board of Directors



**SAMEER ROHATGI**  
Partner

Place : Noida  
Date : 03 May 2016

**VISHNU R DUSAD**  
General Managing Director

Place : Noida  
Date : 03 May 2016

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

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**Note 1 :**

**1.1 Company Background**

Nucleus Software Netherlands B.V. ('the Company') was incorporated on 3 February 2006 in Netherlands. The Company's entire share capital is held by Nucleus Software Exports Ltd., India ('the Holding Company'). The principal activities of the Company consists of dealing in software systems and providing support and technical advisory and consultancy services, which are executed through a service level agreement with the Holding Company.

**1.2. Significant accounting policies**

**(i) Basis of preparation**

The financial statements 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 specified under section 133 of the act as applicable 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.

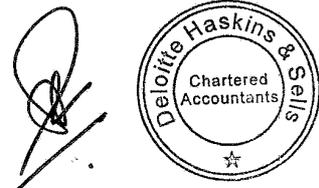
The Company's net worth is substantially eroded. However, the directors consider that it is appropriate to prepare these accounts on going concern basis in view of the continued financial support from its Holding Company. Accordingly, these accounts are being prepared on a going concern basis, that is the assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business. (Also refer note 2.20).

The financial statements have been prepared for the purpose of compliance with the provisions of Section 129(3) of the Companies Act, 2013 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 Euro. The translation from Euro 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. Actual results could differ from these estimates. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.



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

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**(iii) Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(iv) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(i) Tangible assets and capital work in progress**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets are stated at the cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use. Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

**(v) Depreciation**

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. 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:

<b>Asset category</b>	<b>Useful life (in years)</b>
Office equipment	5
Computers	3
Furniture and fixtures	5

**(vi) Revenue recognition**

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

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

**(vii) Lease**

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



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

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**(viii) Foreign exchange transactions**

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

**(ix) 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.

**(x) 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.

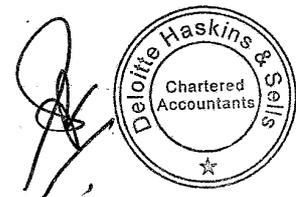
**(xi) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of applicable local tax laws.

Income taxes are accrued in the same period the related revenue and expenses arise. The differences that result between the taxable profit and the profit as per the financial statements are identified and thereafter deferred tax assets or deferred tax liabilities are recorded as timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In 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.

**(xii) 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.



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

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**(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 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.

**(xiv) VAT input tax credit**

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

**(xv) Operating Cycle**

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



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

Particulars	As at 31 March 2016 (Euro)	As at 31 March 2015 (Euro)	As at 31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>2.1 SHARE CAPITAL</b>				
<b>a. Authorised</b>				
Equity Shares 7,500 (Previous Year 5,000) equity shares of Euro 100 each	<u>750,000</u>	<u>500,000</u>	<u>55,800,000</u>	<u>33,450,000</u>
<b>b. Issued, subscribed and paid-up</b>				
7,500 (Previous Year 4,000) equity shares of Euro 100 each, fully paid up, held by Nucleus Software Exports Limited, India (the Holding Company).	<u>750,000</u>	<u>400,000</u>	<u>55,800,000</u>	<u>26,760,000</u>

Refer noted (i) to (iii) below

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

As at the beginning of the year				
- Number of shares	4,000	4,000	4,000	4,000
- Amount	400,000	400,000	26,760,000	26,760,000
Shares issued / (bought back) during the year				
- Number of shares	3,500	-	3,500	-
- Amount	350,000	-	26,040,000	-
As at the end of the year				
- Number of shares	7,500	4,000	7,500	4,000
- Amount	750,000	400,000	55,800,000	26,760,000

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

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

**(iii) Details of share held by the Holding Company :**

Nucleus Software Exports Limited				
- Number of shares	7,500	4,000	7,500	4,000
- Percentage	100%	100%	100%	100%
- Amount	750,000	400,000	55,800,000	26,760,000



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

Particulars	As at 31 March 2016 (Euro)	As at 31 March 2015 (Euro)	As at 31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>2.2 RESERVES AND SURPLUS</b>				
a. Surplus/ (Deficit) in Statement of Profit and Loss				
Opening Balance	(681,510)	(662,692)	(44,736,148)	(43,265,521)
Add: Profit / (Loss) for the Year	(22,791)	(18,818)	(1,634,119)	(1,470,627)
Closing balance	<u>(704,301)</u>	<u>(681,510)</u>	<u>(46,370,267)</u>	<u>(44,736,148)</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(856,838)	(11,247,489)
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	(5,172,893)	10,390,651
Closing balance	-	-	<u>(6,029,731)</u>	<u>(856,838)</u>
	<u>(704,301)</u>	<u>(681,510)</u>	<u>(52,399,998)</u>	<u>(45,592,986)</u>
<b>2.3 TRADE PAYABLES</b>				
a. Trade Payables				
i) Total outstanding dues of micro enterprises and small enterprises (see note below)	-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7,015	3,704	521,916	247,771
b. Due to Holding Company	-	335,452	-	22,441,739
	<u>7,015</u>	<u>339,156</u>	<u>521,916</u>	<u>22,689,510</u>
Note: The Company has no amounts payable to micro, small and medium 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.				
<b>2.4 OTHER CURRENT LIABILITIES</b>				
a. Advances from customer / Advance billing	20,240	22,182	1,505,856	1,483,981
	<u>20,240</u>	<u>22,182</u>	<u>1,505,856</u>	<u>1,483,981</u>



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

**2.5 Fixed Assets (at Cost)**

	Gross block				Accumulated Depreciation		Amount in Euro	
	As at 1 April 2015	Additions during the year	Deductions / adjustments	As at 31 March 2016	As at 1 April 2015	Depreciation the year	As at 31 March 2016	As at 31 March 2015
Tangible assets Office and other equipment	1,056 (1,056)	-	-	1,056 (1,056)	-	-	1,056 (1,056)	-
Computers	1,502 (1,502)	-	-	1,502 (1,502)	-	-	1,502 (1,502)	-
Furniture and fixtures	5,318 (5,318)	-	-	5,318 (5,318)	-	-	5,318 (5,318)	-
<b>Current year (Euro)</b>	<b>7,876</b>	<b>-</b>	<b>-</b>	<b>7,876</b>	<b>-</b>	<b>-</b>	<b>7,876</b>	<b>-</b>
<b>Previous year (Euro)</b>	<b>(7,876)</b>	<b>(-)</b>	<b>(-)</b>	<b>(7,876)</b>	<b>(-)</b>	<b>(-)</b>	<b>(7,876)</b>	<b>(-)</b>

	Gross block				Accumulated Depreciation		Amount in Rupees ( Unaudited - Refer Note 1.2(i))	
	As at 1 April 2015	Additions during the year	Currency Translation	As at 31 March 2016	As at 1 April 2015	Depreciation the year	As at 31 March 2016	As at 31 March 2015
Tangible assets Office and other equipment	70,646 (86,867)	-	7,920 (116,220))	78,566 (70,646)	70,646 (86,867)	-	78,566 (70,646)	-
Computers	100,484 (123,555)	-	11,265 (23,071))	111,749 (100,484)	100,484 (123,555)	-	111,749 (100,484)	-
Furniture and fixtures	355,774 (437,459)	-	39,885 (81,684))	395,659 (355,774)	355,774 (437,459)	-	395,659 (355,774)	-
<b>Current year (Rupees)</b>	<b>526,904</b>	<b>-</b>	<b>59,070</b>	<b>585,974</b>	<b>526,904</b>	<b>-</b>	<b>585,974</b>	<b>-</b>
<b>Previous Year (Rupees)</b>	<b>(647,880)</b>	<b>(-)</b>	<b>((120,975))</b>	<b>(526,904)</b>	<b>(647,880)</b>	<b>-</b>	<b>(526,904)</b>	<b>(-)</b>

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



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

Particulars	As at 31 March 2016 (Euro)	As at 31 March 2015 (Euro)	As at 31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
<b>2.6 LONG-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)				
a. Security Deposits	-	6,184	-	413,710
	<u>-</u>	<u>6,184</u>	<u>-</u>	<u>413,710</u>
<b>2.7 TRADE RECEIVABLES</b> (Unsecured, considered good)				
a. Trade Receivables outstanding for a period less than six months from the date they were due for payment	-	11,745	-	785,713
	<u>-</u>	<u>11,745</u>	<u>-</u>	<u>785,713</u>
<b>2.8 CASH AND CASH EQUIVALENTS</b>				
Balance with non scheduled bank - in current account Citibank-Netherlands	<u>42,335</u>	<u>35,741</u>	<u>3,149,724</u>	<u>2,391,090</u>
Note: All the above balances meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statements.				
<b>2.9 SHORT-TERM LOANS AND ADVANCES</b> Unsecured, considered good				
a. Prepaid Expenses	23,210	24,914	1,726,813	1,666,739
b. Balances with Government Authorities	1,225	1,244	91,140	83,253
c. Security Deposits	6,184	-	460,097	-
	<u>30,619</u>	<u>26,158</u>	<u>2,278,050</u>	<u>1,749,992</u>



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

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Euro)	(Euro)	(Rupees) (Unaudited) See note 1.2 (i)	(Rupees) (Unaudited) See note 1.2 (i)
<b>2.10 SALES AND SERVICES</b>				
Software Development Services	97,349	98,385	6,979,887	7,688,787
	<b>97,349</b>	<b>98,385</b>	<b>6,979,887</b>	<b>7,688,787</b>
<b>2.11 OPERATING AND OTHER EXPENSES</b>				
a. Outsourced technical service expenses	80,442	84,543	5,767,698	6,607,035
b. Rent (see note 2.15)	22,636	22,856	1,622,988	1,786,196
c. Insurance	402	197	28,829	15,396
d. Legal and professional (see note 2.13)	12,930	4,570	927,078	357,146
e. Communication	839	922	60,131	72,054
f. Power & Fuel	84	363	6,039	28,400
g. Net loss on foreign currency transactions	1,161	2,171	83,257	169,663
	<b>118,494</b>	<b>115,622</b>	<b>8,496,020</b>	<b>9,035,890</b>
<b>2.12 Finance cost</b>				
Bank Charges	1,646	1,581	117,986	123,524
<b>2.13 Legal and Professional expenses include:</b>				
Audit fees (excluding service tax)	2,016	2,439	150,000	190,608



**2.14 RELATED PARTY TRANSACTIONS**

**List of related parties**

**a. Holding Company**

- Nucleus Software Exports Limited

**Transactions with related parties**

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Euro)	(Euro)	(Rupees) (Unaudited)	(Rupees) (Unaudited)
			See note 1.2 (i)	See note 1.2 (i)
<b>a. Outsourced technical service expense</b>				
- Nucleus Software Exports Limited	80,442	84,543	5,767,698	6,607,035
<b>b. Reimbursement of expenses to</b>				
- Nucleus Software Exports Limited	197	8,632	14,142	577,501
<b>c. Issue of Share Capital</b>				
- Nucleus Software Exports Limited	350,000	-	26,040,000	-

**Outstanding balances as at year end**

Particulars	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Euro)	(Euro)	(Rupees) (Unaudited)	(Rupees) (Unaudited)
			See note 1.2 (i)	See note 1.2 (i)
<b>a. Trade Payables</b>				
- Nucleus Software Exports Limited	-	335,452	-	22,441,739
<b>b. Short term loan and advances</b>				
- Nucleus Software Exports Limited	17,125	18,845	1,276,214	1,260,763

**2.15 Operating Lease**

**Obligations on long-term, non-cancelable operating leases**

The Company leases office space and other assets under operating lease. The Lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is Euro 22,636 (previous year Euro 22,856). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Euro)	(Euro)	(Rupees) (Unaudited)	(Rupees) (Unaudited)
			See note 1.2 (i)	See note 1.2 (i)
<b>Lease obligations payable</b>				
a. Not later than 1 year	5,759	28,225	428,444	1,888,228
b. Later than 1 year but not later than 5 years	-	7,056	-	472,057
	<u>5,759</u>	<u>35,281</u>	<u>428,444</u>	<u>2,360,286</u>



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

**2.16 Earnings per share**

**Basic and Diluted**

Particulars	As at	As at	As at	As at
	31 March 2016 (Euro)	31 March 2015 (Euro)	31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
a. Profit / (Loss) after tax	(22,791)	(18,818)	(1,634,119)	(1,470,627)
b. Weighted average number of equity shares	4,911	4,000	4,911	4,000
c. Earnings per share	(4.64)	(4.70)	(332.75)	(367.66)

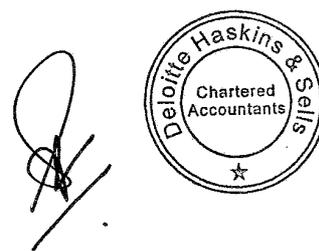
**2.17 Segment Reporting**

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified under section 133 of the Act, as applicable, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting is required in the financial statements.

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

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2016 (Euro)	31 March 2015 (Euro)	31 March 2016 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)
Sales and services	97,349	98,385	6,979,887	7,688,787
Software development expenses	80,442	84,543	5,767,698	6,607,035
<b>Gross Profit</b>	<b>16,907</b>	<b>13,842</b>	<b>1,212,189</b>	<b>1,081,752</b>
Selling and marketing expenses	20,448	20,897	1,466,124	1,633,136
General and administration expenses	19,250	11,763	1,380,184	919,243
<b>Operating Loss</b>	<b>(22,791)</b>	<b>(18,818)</b>	<b>(1,634,119)</b>	<b>(1,470,627)</b>
<b>Loss after taxation</b>	<b>(22,791)</b>	<b>(18,818)</b>	<b>(1,634,119)</b>	<b>(1,470,627)</b>

**2.19** As at 31 March 2016, 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, 2016.



**2.20 Going Concern Assumption**

During the year ended 31 March 2016, the Company has incurred an operating loss of Euro 22,791 (Rupees 1,634,118). As at 31 March 2016, the accumulated losses of the Company aggregate to Euro 704,301 (Rupees 52,399,962). The Financial Statements of the Company have been prepared on the basis that the Company is a going concern. However, having regard to the accumulated losses of the Company which have eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from its Holding Company. The Holding Company has confirmed to provide such financial support as and when a need arises.

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

**2.21** Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year

**For and on behalf of the Board of Directors**



**VISHNU R DUSAD**  
General Managing Director

Place : Noida  
Date : 03 May 2016

