

NUCLEUS SOFTWARE LIMITED
Financial Statements for the year ended
31 March 2017

B S R & Associates LLP

Chartered Accountants

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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, 2017, 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 is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apolo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

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, 2017, its profit and its cash flows for the year ended on that date.

Other Matters

The financial statements of the Company for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 04 May 2016.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.

As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and



- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management- Refer Note 2.24 to the financial statements.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W/W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: New Delhi

Date: 25 April 2017

Annexure A referred to in our Independent Auditors' Report to the members of Nucleus Software Limited on the financial statements for the year ended 31 March 2017.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified by the company every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, all fixed assets were physically verified during the year. As informed to us, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and the records examined by us, the Company does not have any immovable properties of land and buildings which are freehold. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company is in the business of rendering services and as such does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) According to information and explanations given to us and based on audit procedures performed, there are no loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Sales tax, Duty of customs, Duty of excise and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, there are no disputed dues in respect of Income tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities.
- (viii) In our opinion, and according to the information and explanations given to us, there are no loans or borrowing from a financial institution, bank, government or dues to debenture holders during the year. Therefore, the provisions of paragraph 3 (viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loans during the year.
- (x) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Accordingly, the provisions of paragraph 3(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.



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(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Associates LLP

Chartered Accountants

Firm registration no.: 116231W/W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: New Delhi

Date: 25 April 2017

Annexure B to the Independent Auditors' Report of even date on the financial statements of Nucleus Software Limited for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Nucleus Software Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W/W-100024



Rakesh Dewan
Partner
Membership No.: 092212

Place: New Delhi
Date: 25 April 2017

NUCLEUS SOFTWARE LIMITED
BALANCE SHEET AS AT 31 MARCH 2017

	Notes Ref.	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	100,000,000	100,000,000
b. Reserves and surplus	2.2	(11,106,914)	(14,871,048)
		88,893,086	85,128,952
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	2.3	80,110,221	80,110,221
b. Deferred tax liabilities (net)	2.4	1,224,258	782,217
		81,334,479	80,892,438
3. CURRENT LIABILITIES			
a. Trade payables	2.5	-	-
i) Total outstanding dues of micro enterprises and small enterprises		305,369	501,881
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
b. Other current liabilities	2.6	24,384	32,718
c. Short term provisions	2.7	132,690	-
		462,443	534,599
		170,690,008	166,555,989
ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.8	146,397,609	150,427,608
- Intangible assets	2.8	-	2,410
		146,397,609	150,430,018
b. Non-current investments	2.9	23,000	23,000
c. Long-term loans and advances	2.10	2,074,922	1,408,207
		148,495,531	151,861,225
2. CURRENT ASSETS			
a. Current investments	2.11	21,024,738	13,699,983
b. Trade receivables	2.12	900,961	-
c. Cash and cash equivalents	2.13	202,868	396,691
d. Short-term loans and advances	2.14	65,910	598,090
		22,194,477	14,694,764
		170,690,008	166,555,989

See accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For **BSR & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024



RAKESH DEWAN

Partner

Membership Number : 092212

For and on behalf of the Board of Directors



VISHNU R DUSAD

Managing Director



RAVI PRATAP SINGH

Director



POONAM BHASIN

Company Secretary



ASHISH NANDA

Chief Financial Officer

Place : New Delhi
Date : 25 April 2017

Place : New Delhi
Date : 25 April 2017

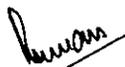
NUCLEUS SOFTWARE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Notes Ref.	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
1. REVENUE FROM OPERATIONS			
Rent Income	2.15	10,920,744	9,496,296
2. OTHER INCOME	2.16	849,755	694,888
3. TOTAL REVENUE (1+2)		11,770,499	10,191,184
4. EXPENSES			
a. Employee benefits expense	2.17	-	601,827
b. Operating and other expenses	2.18	3,482,102	3,288,781
c. Finance cost - bank charges	2.19	903	552
d. Depreciation and amortisation expense	2.8	4,032,413	6,663,178
TOTAL EXPENSES		7,515,418	10,554,338
5. PROFIT/(LOSS) BEFORE TAX (3-4)		4,255,081	(363,154)
6. TAX EXPENSE			
a. Current tax expense		733,334	62,859
b. MAT credit entitlement		(733,334)	-
c. Tax expense relating to prior years		48,906	(12,508)
d. Deferred tax charge	2.4	442,041	782,217
NET TAX EXPENSE		490,947	832,568
7. PROFIT/(LOSS) FOR THE YEAR (5-6)		3,764,134	(1,195,722)
8. EARNINGS PER SHARE			
Equity shares of Rupees 10 each			
Basic and diluted	2.20	0.38	(0.12)
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 **BSR & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024



RAKESH DEWAN
Partner
Membership Number : 092212

For and on behalf of the Board of Directors



VISHNU R DUSAD
Managing Director



RAVI PRATAP SINGH
Director



POONAM BHASIN
Company Secretary



ASHISH NANDA
Chief Financial Officer

Place : New Delhi
Date : 25 April 2017

Place : New Delhi
Date : 25 April 2017

NUCLEUS SOFTWARE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Notes Ref.	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
A. Cash flow from operating activities			
Net profit / (loss) before tax		4,255,081	(363,154)
Adjustments for:			
Depreciation and amortisation expense		4,032,413	6,663,178
Dividend income from current investments		(824,755)	(498,580)
Operating Profit / (loss) before working capital changes		<u>7,462,739</u>	<u>5,801,444</u>
Adjustment for (increase)/decrease in operating assets			
Long-term loans and advances		(715,621)	1,276,377
Trade receivables		(900,961)	2,123,067
Short-term loans and advances		532,180	(496,578)
Adjustment for increase/ (decrease) in operating liabilities			
Long-term provisions		-	(81,917)
Short Term provisions		733,330	-
Trade payable and other current liabilities		(204,846)	(472,068)
Income tax paid (net)		<u>6,906,821</u>	<u>8,150,325</u>
Net cash from / (used in) operating activities (A)		<u>6,306,177</u>	<u>8,099,974</u>
B. Cash flow from Investing activities			
Purchase of fixed assets/capital work in progress		-	(39,326)
Purchase of current investments		(20,124,755)	(12,748,579)
Proceeds from sale of current investments		12,800,000	4,278,067
Dividend income from current Investments		824,755	498,580
Net cash from / (used in) investing activities (B)		<u>(6,500,000)</u>	<u>(8,011,258)</u>
C. Cash flow from financing activities			
Net cash from/ (used in) financing activities (C)		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		<u>(193,823)</u>	<u>88,716</u>
Cash and cash equivalents at the beginning of the year	2.13	396,691	307,975
Cash and cash equivalents at the end of the year	2.13	<u>202,868</u>	<u>396,691</u>
See accompanying notes forming part of the financial Statements	1 & 2		

In terms of our report attached

For **BSR & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231W/W-100024



RAKESH DEWAN
Partner
Membership Number :092212

For and on behalf of the Board of Directors



VISHNU R DUSAD
Managing Director



RAVI PRATAP SINGH
Director



POONAM BHASIN
Company Secretary



ASHISH NANDA
Chief Financial Officer

Place : New Delhi
Date : 25 April 2017

Place : New Delhi
Date : 25 April 2017

NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 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 Companies Act, 2013 ('Act') act as applicable adopted consistently by the Company.

All income and expenditure having a material bearing on the financial statements 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.

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NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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 taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. 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:

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

(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) 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.

(ix) 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 tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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 substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences 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 supported by convincing evidence that there will be sufficient future taxable income available to realise such 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.

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NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(xv) 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.

(xvi) 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.

(xvii) 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 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
a. Authorized 10,000,000 (Previous Year 10,000,000) equity shares of Rupees 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 Rupees 10 each.	100,000,000	100,000,000

Refer note (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 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.



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.2 RESERVES AND SURPLUS		
Surplus/ (Deficit) in Statement of Profit and Loss		
Opening Balance	(14,871,048)	(13,675,326)
Add: Profit / (loss) for the year	3,764,134	(1,195,722)
Closing balance	<u>(11,106,914)</u>	<u>(14,871,048)</u>

2.3 LONG-TERM BORROWINGS

Unsecured loans

Loan from holding company

80,110,221	80,110,221
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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, 2017, the Company has repaid Rupees Nil (Previous year Rupees Nil)

2.4 DEFERRED TAX LIABILITIES

Particulars	As at 01 April 2016	Charge/(Credited) during the year	As at 31 March 2017
On difference between book balance and tax balance of fixed assets	782,217	442,041	1,224,258
	<u>782,217</u>	<u>442,041</u>	<u>1,224,258</u>

2.5 TRADE PAYABLES

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

305,369	352,454
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b. Due to holding company (refer note 2.21)

-	149,427
<u>305,369</u>	<u>501,881</u>

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. Other payables - statutory liabilities

b. Book overdraft

16,621	32,718
7,763	-
<u>24,384</u>	<u>32,718</u>

2.7 SHORT-TERM PROVISIONS

a. Provision for tax [net of advance tax of Rs. 600,644 (previous year Rs. Nil)]

132,690	-
<u>132,690</u>	<u>-</u>



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.8 FIXED ASSETS (at Cost)

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		NET BLOCK	
	As at 1 April 2016	As at 31 March 2017	As at 1 April 2016	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible assets						
Leasehold land	121,447,361 (121,447,361)	121,447,361 (121,447,361)	9,691,303 (8,439,273)	10,943,338 (9,691,308)	110,504,023 (111,756,053)	111,756,058 (113,008,088)
Building	43,566,992 (43,527,666)	43,566,992 (43,566,992)	6,318,533 (4,866,712)	7,770,797 (6,318,533)	35,796,195 (37,248,459)	37,248,459 (38,660,954)
Plant and equipment	13,622,471 (13,622,471)	13,622,471 (13,622,471)	12,522,614 (9,906,118)	13,544,479 (12,522,614)	77,992 (1,099,857)	1,099,857 (3,716,353)
Computers	5,054,935 (5,054,935)	5,054,935 (5,054,935)	5,054,935 (4,547,566)	5,054,935 (5,054,935)	- -	- (507,369)
Furniture and fixtures	5,317,562 (5,317,562)	5,317,562 (5,317,562)	4,994,323 (4,196,062)	5,298,163 (4,994,323)	19,399 (323,239)	323,239 (1,121,500)
Total	189,009,321 (188,969,995)	189,009,321 (189,009,321)	38,581,708 (31,955,731)	42,611,712 (38,581,713)	146,397,609 (150,427,608)	150,427,613 (157,014,264)
Previous Year						
Intangible assets						
Softwares	402,328 (402,328)	402,328 (402,328)	399,918 (362,722)	402,327 (399,918)	- (2,410)	2,410 (39,606)
Total	189,411,649 (189,372,323)	189,411,649 (189,411,649)	38,981,626 (32,318,453)	43,014,039 (38,981,631)	146,397,609 (150,430,018)	150,430,023 (157,053,870)
Previous Year						

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

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NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.9 NON CURRENT INVESTMENTS (at cost)		
Non Trade (unquoted)		
Investment in government securities	<u>23,000</u>	<u>23,000</u>
Note: The above is provided as security to government authorities		
2.10 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)		
a. Security deposit	599,600	599,600
b. Prepaid expenses	-	17,713
c. Advance income tax [net of provision Rupees 62,859 (previous year Rupees 559,073)]	245,774	294,680
d. MAT credit entitlement	1,229,548	496,214
	<u>2,074,922</u>	<u>1,408,207</u>
2.11 CURRENT INVESTMENTS (at the lower of cost and fair value)		
Investments in Liquid Schemes of Mutual Funds (Unquoted, Non trade)		
a. 1,797.38 Units (Previous year 13,542.62 units) in Kotak Floater Short Term Fund-Direct Plan-Daily Dividend-Reinvestment Option	1,818,265	13,699,983
b. 19,05,462.05 Units (Previous year Nil) Kotak Treasury Advantage Fund-Direct Plan- Daily Dividend-Reinvestment Option	19,206,473	-
	<u>21,024,738</u>	<u>13,699,983</u>
Aggregate amount of unquoted investment	21,024,738	13,699,983
2.12 TRADE RECEIVABLES (Unsecured, considered good)		
a. Trade receivables outstanding for a period less than six months from the date they were due for payment	900,961	-
	<u>900,961</u>	<u>-</u>
2.13 CASH AND CASH EQUIVALENTS		
a. Cash on hand	28	28
b. Balances with scheduled banks: - in current accounts	202,840	396,663
	<u>202,868</u>	<u>396,691</u>
Details of balances as on balance sheet dates with scheduled banks in current accounts:-		
- Citi Bank	202,840	233,456
- HDFC Bank	-	163,207
	<u>202,840</u>	<u>396,663</u>

Note : All the above balances meet the definition of Cash and Cash Equivalents as per AS -3 Cash Flow Statements



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
1.14 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
a. Prepaid expenses	8,585	-
b. Balance with Government authorities- Service Tax credit receivable	1,995	48,090
b. Application money for Mutual fund (considered good)	-	550,000
c. Others - Advance to suppliers	55,330	-
- considered good	-	-
- considered doubtful	-	-
	<u>55,330</u>	<u>-</u>
Less : Provision for doubtful advances	<u>-</u>	<u>-</u>
	<u>55,330</u>	<u>-</u>
	<u>65,910</u>	<u>598,090</u>

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NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
2.15 INCOME FROM RENTAL SERVICES		
a. Rental income	<u>10,920,744</u>	<u>9,496,296</u>
2.16 OTHER INCOME		
a. Dividend income from current investments	824,755	498,580
b. Interest on income tax refund	-	74,680
c. Excess provision written back	25,000	-
d. Miscellaneous income	-	121,628
	<u>849,755</u>	<u>694,888</u>
2.17 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	-	531,758
b. Gratuity expenses	-	65,669
c. Staff welfare expenses	-	4,400
	<u>-</u>	<u>601,827</u>
2.18 OPERATING AND OTHER EXPENSES		
a. Power and fuel	217,510	178,980
b. Repair and maintenance	2,097,180	1,916,365
c. Insurance	34,213	48,578
d. Rates and taxes	144,300	12,000
e. Communication	-	5,701
f. Travelling	-	1,450
- Domestic	-	1,450
g. Legal and professional (refer note below)	265,089	385,879
h. Directors' sitting fees	641,200	727,776
i. Miscellaneous expenses	82,610	12,052
	<u>3,482,102</u>	<u>3,288,781</u>
Legal and professional expenses include:		
Payment to Statutory Auditors		
- Audit fees (excluding service tax)	<u>150,000</u>	<u>200,000</u>
	<u>150,000</u>	<u>200,000</u>
2.19 FINANCE COST		
a. Bank charges	<u>903</u>	<u>552</u>
2.20 EARNINGS PER SHARE		
a. Profit/ (Loss) after taxation available to equity shareholders (Rupees)	3,764,134	(1,195,722)
b. Weighted average number of equity shares used in calculating earnings	10,000,000	10,000,000
c. Basic and Diluted earnings per share (Rupees)	0.38	(0.12)

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NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.21 RELATED PARTY TRANSACTIONS

List of related parties

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

Particulars	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
Transactions with related parties		
a. Rental income		
- Nucleus Software Exports Limited	10,920,744	9,496,296
b. Reimbursement of expenses to		
- Nucleus Software Exports Limited	-	162,321
c. Reimbursement of expenses from		
- Nucleus Software Exports Limited	-	6,387

Outstanding balances as at year end

Particulars	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
a. Unsecured loans	80,110,221	80,110,221
b. Other payables	-	149,427
c. Trade receivables	900,961	-

2.22 SEGMENT REPORTING

Based on the guiding principles stated in Accounting Standard-17 on "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.



NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.23 Function wise classification of the Statement of Profit and Loss

Particulars	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
Income from rental services	10,920,744	9,496,296
Gross Profit	10,920,744	9,496,296
General and administration expenses	3,483,005	3,891,160
Operating profit before depreciation	7,437,739	5,605,136
Depreciation	4,032,413	6,663,178
Operating profit/(Loss) after depreciation	3,405,326	(1,058,042)
Other income	849,755	694,888
Profit/(Loss) before taxation	4,255,081	(363,154)
Tax expense:		
Net current tax expense	48,906	50,351
Deferred tax charge	442,041	782,217
Profit/(loss) after taxation	3,764,134	(1,195,722)

2.24 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the Table below:

Information pursuant to G.S.R. 308(E) dated 30 March 2017	Specified Bank notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	28	28
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	28	28

Note: For the purpose of this disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016

NUCLEUS SOFTWARE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.25 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 statements, particularly on the amount of tax expense and that of provision for taxation.

2.26 Previous year's figures were audited by another firm of chartered accountants.

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

For **BSR & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number:116231W/W-100024



RAKESH DEWAN

Partner

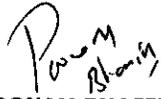
Membership Number :092212

For and on behalf of the Board of Directors



VISHNU R DUSAD

Managing Director



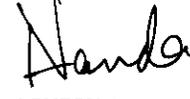
POONAM BHASIN

Company Secretary



RAVI PRATAP SINGH

Director



ASHISH NANDA

Chief Financial Officer

Place : New Delhi
Date : 25 April 2017

Place : New Delhi
Date : 25 April 2017