

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Accounting Standards

For the period ended March 31, 2015
and the period ended March 31, 2014

**Nucleus Software Japan Kabushiki
Kaisha**

Financial Statements for the period ended
March 31, 2015 and Independent Auditor's
report

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA**

Report on the Financial Statements

We have audited the accompanying financial statements of **NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, 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 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 Companies Act, 2013 ('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, 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.



Deloitte Haskins & Sells

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its loss and its cash flows for the year ended on that date.

Restriction on Distribution and Use

These financial statements have been prepared to assist Nucleus Software Exports Limited ("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.

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



SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
7 May, 2015

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH, 2015

	Notes Ref.	As at 31 March 2015 (JPY)	As at 31 March 2014 (JPY)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
EQUITY AND LIABILITIES					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	10,000,000	10,000,000	5,208,000	5,850,000
b. Reserves and surplus	2.2	15,311,366	45,536,455	7,974,160	26,638,826
		25,311,366	55,536,455	13,182,160	32,488,826
2. NON-CURRENT LIABILITIES					
Long-term borrowings	2.3	-	-	-	-
3. CURRENT LIABILITIES					
a. Trade payables	2.4	75,681,689	55,597,532	39,415,024	32,524,557
b. Other current liabilities	2.5	45,611,110	14,195,729	23,754,266	8,304,502
		121,292,799	69,793,261	63,169,290	40,829,059
		146,604,165	125,329,716	76,351,450	73,317,885
ASSETS					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.6	4,729,152	346,333	2,462,942	202,605
- Intangible assets	2.6	53,075	-	27,642	-
		4,782,227	346,333	2,490,584	202,605
b. Long-term loans and advances	2.7	12,296,140	10,286,800	6,403,830	6,017,779
		17,078,367	10,633,133	8,894,414	6,220,384
2. CURRENT ASSETS					
a. Trade receivables	2.8	69,641,374	19,848,906	36,269,227	11,611,610
b. Cash and cash equivalents	2.9	34,331,533	59,119,149	17,879,862	34,584,702
c. Short-term loans and advances	2.10	2,877,936	669,598	1,498,829	391,715
d. Other current assets	2.11	22,674,955	35,058,930	11,809,118	20,509,474
		129,525,798	114,696,583	67,457,036	67,097,501
		146,604,165	125,329,716	76,351,450	73,317,885

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants




SAMEER ROHATGI
Partner

Place : Noida
Date : 7 May 2015

For and on behalf of the Board of Directors



VISHNU R DUSAD
Director

Place : Noida
Date : 7 May 2015



RAVI PRATAP SINGH
Director

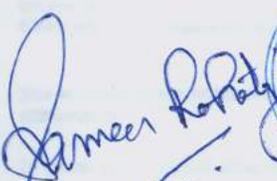
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

	Notes Ref.	Year ended 31 March 2015 (JPY)	Year ended 31 March 2014 (JPY)	Year ended 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.12	455,460,448	491,847,038	255,467,765	298,698,706
2. OTHER INCOME					
	2.13	3,166,186	2,700	1,775,914	1,640
3. TOTAL REVENUE (1+2)					
		458,626,634	491,849,738	257,243,679	298,700,346
4. EXPENSES					
a. Employee benefits expenses	2.14	53,176,118	26,247,996	29,826,485	15,940,408
b. Operating and other expenses	2.15	432,692,994	457,861,550	242,697,500	278,059,318
c. Finance cost	2.16	575,018	1,236,797	322,528	751,107
d. Depreciation and amortisation expense	2.6	2,224,894	434,922	1,247,943	264,128
TOTAL EXPENSES					
		488,669,024	485,781,265	274,094,456	295,014,961
5. PROFIT/ (LOSS) BEFORE TAX (3-4)					
		(30,042,390)	6,068,473	(16,850,777)	3,685,385
6. TAX EXPENSE					
a. Current tax expense		183,700	2,100,000	103,037	1,275,330
b. Withholding taxes charged off		918,500	1,792,004	515,187	1,088,284
c. Tax expense relating to prior years		(919,500)	488,700	(515,748)	296,788
NET CURRENT TAX EXPENSE					
		182,700	4,380,704	102,476	2,660,402
7. PROFIT/ (LOSS) FOR THE YEAR (5-6)					
		(30,225,090)	1,687,769	(16,953,253)	1,024,983
8. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic and Diluted	2.18	(151,125)	8,439	(84,766)	5,125
Number of shares used in computing earnings per share					
		200	200	200	200

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 : 7 May 2015

For and on behalf of the Board of Directors



VISHNU R DUSAD
Director

Place : Noida
Date : 7 May 2015



RAVI PRATAP SINGH
Director

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	Notes Ref.	Year ended 31 March 2015 (JPY)	Year ended 31 March 2014 (JPY)	Year ended 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
A. Cash flow from operating activities					
Net Profit / (loss) before tax		(30,042,390)	6,068,473	(16,850,777)	3,685,385
<i>Adjustments for:</i>					
Depreciation and amortisation expense		2,224,894	434,922	1,247,943	264,128
Interest income on deposits with banks		(13,471)	(2,700)	(7,556)	(1,640)
Exchange difference on translation of foreign currency accounts		(5,393,150)	-	(5,826,484)	2,733,105
Interest expense		223,794	952,256	125,526	578,305
Operating Profit / (loss) before working capital changes		(33,000,323)	7,452,951	(21,311,348)	7,259,283
<i>Adjustment for (increase)/decrease in operating assets</i>					
Trade receivables		(44,913,054)	2,294,969	(25,191,731)	1,393,735
Long-term loans and advances		(1,608,940)	(939,600)	(902,454)	(508,553)
Short-term loans and advances		(2,208,338)	1,230,720	(1,238,657)	685,350
Other current assets		12,383,975	7,379,156	6,946,172	4,481,361
<i>Adjustment for increase/ (decrease) in operating liabilities</i>					
Trade payables		20,084,157	(38,108,584)	11,265,204	(23,143,344)
Other current liabilities		31,415,381	(5,625,205)	17,620,887	(3,416,187)
Short-term provisions		-	(2,277,996)	-	(1,383,427)
		(17,847,142)	(28,593,589)	(12,811,928)	(14,631,782)
Taxes paid (net)		583,100	4,380,704	327,061	2,660,402
Net cash from / (used in) operating activities (A)		(18,430,242)	(32,974,293)	(13,138,989)	(17,292,184)
B. Cash flow from investing activities					
Purchase of fixed assets		(6,660,784)	-	(3,736,034)	-
Interest income on deposits with banks		13,471	2,700	7,556	1,640
Net cash from / (used in) Investing activities (B)		(6,647,313)	2,700	(3,728,478)	1,640
C. Cash flow from financing activities					
Repayment of term loan		-	(33,962,040)	-	(20,625,147)
Interest paid on term loan		(223,794)	(952,256)	(125,526)	(578,305)
Net cash from / (used in) Financing activities (C)		(223,794)	(34,914,296)	(125,526)	(21,203,452)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(25,301,349)	(67,885,889)	(16,992,993)	(38,493,996)
Cash and cash equivalents at the beginning of the year	2.9	59,119,149	127,005,038	34,584,702	73,078,698
Exchange difference on translation of foreign currency accounts		513,733	-	288,153	-
Cash and cash equivalents at the end of the year	2.9	34,331,533	59,119,149	17,879,862	34,584,702

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors




SAMEER ROHATGI
Partner

Place : Noida
Date : 7 May 2015



VISHNU R DUSAD
Director

Place : Noida
Date : 7 May 2015



RAVI PRATAP SINGH
Director

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:

1.1 Company Overview

Nucleus Software Japan Kabushiki Kaisha ('the Company') was incorporated on 2 November 2001 in Japan. 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 developing, producing and dealing in software systems and providing support and technical advisory and consultancy services, which are executed through a service level agreement with the Holding Company.

1.2 Significant accounting policies

(i) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act, as applicable.

All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 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 Japanese Yen (JPY). The translation from JPY to Indian Rupees is unaudited.

(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. 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 JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Cash flow statement

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

(iv) Cash and cash equivalents (for purpose of Cash Flow Statement)

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

(v) Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(vi) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

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

Asset category	Useful life (in years)
Computers	3
Furniture and fixtures	5
Office Equipments	5
Software	3

(vii) Revenue recognition

Revenue from software development services comprises income from time and materials and fixed price contracts.

Revenue from time and materials contracts is recognised as the services are rendered.

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.



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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 recognized 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) Operating leases

Lease payments under operating lease are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(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) 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 carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date for realisability.

(xiii) Impairment

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.



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(xiv) 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.

(xv) Consumption Tax input tax credit

Consumption Tax 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.

(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 JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2015 (JPY)	As at 31 March 2014 (JPY)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
2.1 SHARE CAPITAL				
a. Authorised				
200 (previous year 200) equity shares of JPY 50,000 each	10,000,000	10,000,000	5,208,000	5,850,000
b. Issued, subscribed and fully paid-up				
200 (previous year 200) equity shares of JPY 50,000 each, held by Nucleus Software Exports Limited (The Holding Company)	10,000,000	10,000,000	5,208,000	5,850,000

Refer notes (i) to (iii) below

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

As at the beginning of the year				
- Number of Shares	200	200	200	200
- Amount	10,000,000	10,000,000	5,208,000	5,850,000
Shares issues/ (bought back) during the year				
- Number of Shares	-	-	-	-
- Amount	-	-	-	-
As at the end of the year				
- Number of Shares	200	200	200	200
- Amount	10,000,000	10,000,000	5,208,000	5,850,000

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

The company has one class of equity shares having par value of JPY 50,000 each. Each shareholder is eligible for one vote per share held.

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

Nucleus Software Exports Limited				
- Number of Shares	200	200	200	200
- Percentage	100%	100%	100%	100%
- Amount	10,000,000	10,000,000	5,208,000	5,850,000

2.2 RESERVES AND SURPLUS

a. Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance	45,536,455	43,848,686	29,648,848	28,623,864
Add: Profit/ (Loss) for the year	(30,225,090)	1,687,769	(16,953,253)	1,024,983
Closing balance	<u>15,311,366</u>	<u>45,536,455</u>	<u>12,695,595</u>	<u>29,648,848</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(3,010,022)	(3,393,331)
Add / (Less) : Effect of Foreign Exchange rate	-	-	(1,711,413)	383,309
Closing balance	<u>-</u>	<u>-</u>	<u>(4,721,435)</u>	<u>(3,010,022)</u>
	<u>15,311,366</u>	<u>45,536,455</u>	<u>7,974,160</u>	<u>26,638,826</u>



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2015 (JPY)	As at 31 March 2014 (JPY)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
2.3 LONG-TERM BORROWINGS (Unsecured)				
Term Loan from fellow subsidiary (see note below)	14,400,000	12,282,000	7,499,520	7,184,970
Less : Current maturities of long term debt	(14,400,000)	(12,282,000)	(7,499,520)	(7,184,970)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Note:				
i. Details of terms of repayment				
The Company has taken loan amounting to USD 600,000 from Nucleus Software Solution Pte. Ltd., Singapore, a fellow subsidiary, repayable in annual installments of USD 120,000 each on 31 December every year. The Company has repaid USD 480,000 till the year ended 31 March, 2015 and will pay balance amount on or before 31 December, 2015.				
ii. Interest on the above loan is payable @ 2% over Libor for six months.				
2.4 TRADE PAYABLES				
a. Trade payables				
- Others	9,624,852	19,033,015	5,012,624	11,134,314
b. Due to Holding Company	26,011,243	12,058,063	13,546,655	7,053,967
c. Due to fellow subsidiary	40,045,594	24,506,454	20,855,745	14,336,276
	<u>75,681,689</u>	<u>55,597,532</u>	<u>39,415,024</u>	<u>32,524,557</u>
2.5 OTHER CURRENT LIABILITIES				
a. Current maturities of term loan (see note below)	14,400,000	12,282,000	7,499,520	7,184,970
b. Interest accrued but not due on borrowings	-	133,083	-	77,854
c. Advance from customers	17,423,391	-	9,074,102	-
c. Other employee payables	11,600	-	6,041	-
d. Other payables - statutory liabilities	13,776,119	1,780,646	7,174,603	1,041,678
	<u>45,611,110</u>	<u>14,195,729</u>	<u>23,754,266</u>	<u>8,304,502</u>

Note : See Note 2.3 Long-term borrowings for terms of repayment of long term debt.



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.6 Fixed Assets (At Cost)

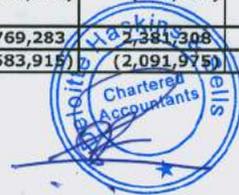
(Amount in JPY)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	Additions	Currency	As at	As at	For the	Currency	As at	As at	As at
	1 April 2014		Translation	31 March 2015	1 April 2014	Year	Translation	31 March 2015	31 March 2015	31 March 2014
Tangible assets										
Office equipment	894,600 (894,600)	35,600 (-)	- (-)	930,200 (894,600)	856,163 (813,495)	38,033 (42,668)	- (-)	894,196 (856,163)	36,004 (38,436)	38,436 (81,105)
Computers	1,860,809 (1,860,809)	677,549 (-)	- (-)	2,538,358 (1,860,809)	1,630,340 (1,302,671)	348,749 (327,669)	- (-)	1,979,089 (1,630,340)	559,269 (230,468)	230,468 (558,138)
Furniture and fixtures	727,452 (727,452)	122,169 (-)	- (-)	849,621 (727,452)	650,021 (588,586)	65,613 (61,435)	- (-)	715,634 (650,021)	133,987 (77,429)	77,429 (138,866)
Lease Hold Improvements	- (-)	5,763,002 (-)	- (-)	5,763,002 (-)	- (-)	1,763,110 (-)	- (-)	1,763,110 (-)	3,999,892 (-)	- (-)
	3,482,861 (3,482,861)	6,598,320 (-)	- (-)	10,081,181 (3,482,861)	3,136,524 (2,704,752)	2,215,505 (431,772)	- (-)	5,352,029 (3,136,524)	4,729,152 (346,333)	346,333 (778,109)
Intangible assets										
Software	934,087 (934,087)	62,464 (-)	- (-)	996,551 (934,087)	934,087 (930,937)	9,389 (3,150)	- (-)	943,476 (934,087)	53,075 (-)	- (3,150)
Total	4,416,948 (4,416,948)	6,660,784 (-)	- (-)	11,077,732 (4,416,948)	4,070,611 (3,635,689)	2,224,894 (434,922)	- (-)	6,295,505 (4,070,611)	4,782,227 (346,333)	346,333

(Amount in Rupees) (unaudited See note 1.2 (i))

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	Additions	Currency	As at	As at	For the	Currency	As at	As at	As at
	1 April 2014		Translation	31 March 2015	1 April 2014	year	Translation	31 March 2015	31 March 2015	31 March 2014
Tangible assets										
Office equipment	523,341 (514,753)	18,540 (-)	(57,433) (8,588)	484,448 (523,341)	500,855 (468,085)	21,333 (25,912)	(56,491) (6,858)	465,697 (500,855)	18,751 (22,485)	22,485 (46,668)
Computers	1,088,573 (1,070,709)	352,868 (-)	(119,464) (17,864)	1,321,977 (1,088,573)	953,749 (749,557)	195,614 (198,993)	(118,653) (5,199)	1,030,710 (953,749)	291,267 (134,824)	134,824 (321,152)
Furniture and fixtures	425,560 (418,576)	63,626 (-)	(46,703) (6,984)	442,483 (425,560)	380,263 (338,672)	36,802 (37,309)	(44,363) (4,282)	372,702 (380,263)	69,781 (45,296)	45,296 (79,904)
Lease Hold Improvements	- (-)	3,001,371 (-)	- (-)	3,001,371 (-)	- (-)	988,928 (-)	(70,700) (-)	918,228 (-)	2,083,143 (-)	- (-)
	2,037,474 (2,004,038)	3,436,405 (-)	(223,600) (33,436)	5,250,279 (2,037,474)	1,834,867 (1,556,314)	1,242,677 (262,215)	(290,207) (16,339)	2,787,337 (1,834,867)	2,462,942 (202,605)	202,605 (447,724)
Intangible assets										
Software	546,441 (537,473)	32,531 (-)	(59,968) (8,968)	519,004 (546,441)	546,441 (535,661)	5,266 (1,913)	(60,345) (8,867)	491,362 (546,441)	27,642 (-)	- (1,812)
Total	2,583,915 (2,541,511)	3,468,936 (-)	(283,568) (42,404)	5,769,283 (2,583,915)	2,381,308 (2,091,975)	1,247,943 (264,128)	(350,552) (25,205)	3,278,699 (2,381,308)	2,490,584 (202,605)	202,605

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



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2015 (JPY)	As at 31 March 2014 (JPY)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (I)	As at 31 March 2014 (Rupees) (Unaudited) See note 1.2 (I)
2.7 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Advance income tax [net of provision for income tax JPY 70,000 (previous year 2,100,000)]	502,600	102,200	261,754	59,787
b. Security deposits	11,793,540	10,184,600	6,142,076	5,957,992
	<u>12,296,140</u>	<u>10,286,800</u>	<u>6,403,830</u>	<u>6,017,779</u>
2.8 TRADE RECEIVABLES (Unsecured, considered good)				
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	22,657,831	16,702,552	11,800,198	9,770,993
b. Other trade receivables	46,983,543	3,146,354	24,469,029	1,840,617
	<u>69,641,374</u>	<u>19,848,906</u>	<u>36,269,227</u>	<u>11,611,610</u>
2.9 CASH AND CASH EQUIVALENTS				
a. Balances with non scheduled banks in current accounts :				
- Bank of Tokyo Mitsubishi	1,552,962	5,434,530	808,783	3,179,200
- Shinsei Bank	47,517	45,359	24,747	26,535
- Citibank	32,731,054	53,639,260	17,046,332	31,378,967
	<u>34,331,533</u>	<u>59,119,149</u>	<u>17,879,862</u>	<u>34,584,702</u>
2.10 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Loans and advances to employee	-	184	-	108
b. Prepaid expenses	2,877,936	669,414	1,498,829	391,607
	<u>2,877,936</u>	<u>669,598</u>	<u>1,498,829</u>	<u>391,715</u>
2.11 OTHER CURRENT ASSETS (Unsecured)				
Service income accrued but not due				
- considered good	22,674,955	35,058,930	11,809,117	20,509,474
- considered doubtful	1,206,557	-	628,375	-
	23,881,512	35,058,930	12,437,492	20,509,474
Less : Provision for service income accrued but not due	(1,206,557)	-	(628,374)	-
	<u>22,674,955</u>	<u>35,058,930</u>	<u>11,809,118</u>	<u>20,509,474</u>
	<u>22,674,955</u>	<u>35,058,930</u>	<u>11,809,118</u>	<u>20,509,474</u>



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March 2015 (JPY)	Year ended 31 March 2014 (JPY)	Year ended 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
2.12 SALES AND SERVICES				
Software development services	446,039,706	491,847,038	250,183,671	298,698,706
Service income from holding company	9,420,742	-	5,284,094	-
	<u>455,460,448</u>	<u>491,847,038</u>	<u>255,467,765</u>	<u>298,698,706</u>
2.13 OTHER INCOME				
a. Interest income on deposits with banks	13,471	2,700	7,556	1,640
b. Gain on foreign currency transaction and translation (net)	3,152,715	-	1,768,358	-
	<u>3,166,186</u>	<u>2,700</u>	<u>1,775,914</u>	<u>1,640</u>
2.14 EMPLOYEE BENEFITS EXPENSE				
a. Salaries and wages	47,396,516	22,460,376	26,584,706	13,640,186
b. Contribution to social security fund	5,700,249	1,566,226	3,197,270	951,169
c. Staff welfare expenses	79,353	2,221,394	44,509	1,349,053
	<u>53,176,118</u>	<u>26,247,996</u>	<u>29,826,485</u>	<u>15,940,408</u>
2.15 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	329,980,790	364,327,240	185,086,225	221,255,933
b. Power and fuel	157,846	64,866	88,536	39,393
c. Rent	66,590,727	70,548,348	37,350,739	42,844,012
d. Repair and maintenance				
- Building	4,075,417	965,100	2,285,901	586,105
- Others	42,906	32,772	24,066	19,902
e. Insurance	75,882	73,273	42,562	44,499
f. Rates and taxes	96,438	105,800	54,092	64,252
g. Travelling	5,136,505	3,243,613	2,881,066	1,969,846
h. Advertisement and business promotion	3,134,504	63,519	1,758,143	38,575
i. Professional expenses	11,260,108	11,496,437	6,315,795	6,981,786
j. Training & Recruitment expenses	7,414,304	3,957,748	4,158,683	2,403,540
k. Conveyance	1,186,306	217,190	665,399	131,899
l. Communication	1,657,291	1,250,389	929,575	759,361
m. Printing and Stationery	475,994	136,971	266,985	83,182
n. Loss on foreign currency transaction and translation (net)	-	1,060,286	-	643,912
o. Provision for other current assets	1,206,557	-	676,758	-
p. Miscellaneous expenses	201,419	317,998	112,975	193,121
	<u>432,692,994</u>	<u>457,861,550</u>	<u>242,697,500</u>	<u>278,059,318</u>
2.16 FINANCE COST				
a. Bank charges	351,224	284,541	197,002	172,802
b. Interest on borrowings	223,794	952,256	125,526	578,305
	<u>575,018</u>	<u>1,236,797</u>	<u>322,528</u>	<u>751,107</u>
2.17 PROFESSIONAL EXPENSES INCLUDE:				
Audit fees (excluding service tax)	2,760,802	2,246,067	1,548,534	1,364,036
2.18 EARNINGS PER SHARE				
Basic and Diluted				
a. Profit / (Loss) after tax	(30,225,090)	1,687,769	(16,953,253)	1,024,983
b. Weighted average number of equity shares	200	200	200	200
c. Earnings per share	(151.125)	8.439	(84.766)	5.125
2.19 RELATED PARTY TRANSACTIONS				
List of related parties – where control exists				
a. Holding company				
- Nucleus Software Exports Limited				
b. Other related parties with whom transactions have taken place during the year				
Fellow Subsidiary				
- Nucleus Software Solutions Pte. Ltd., Singapore				
- Nucleus Software Inc., USA				



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March 2015 (JPY)	Year ended 31 March 2014 (JPY)	Year ended 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
Transactions with related parties				
a. Service Income				
Holding Company				
- Nucleus Software Exports Limited	9,420,742	-	5,284,094	-
a. Outsourced technical service expenses				
Holding Company				
- Nucleus Software Exports Limited	161,233,776	216,695,752	90,436,025	131,599,330
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	155,200,024	134,135,340	87,051,693	81,460,392
b. Reimbursement of expenses				
From Holding Company				
- Nucleus Software Exports Limited	221,352	689,300	124,157	418,612
From fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	104,473	-	58,599	-
To Holding Company				
- Nucleus Software Exports Limited	735,664	620,936	412,634	377,094
c. Repayment of Long-term borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	37,290,000	-	22,646,217
d. Interest on Borrowings				
Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd.	223,794	952,256	125,526	578,305

Particulars	As at 31 March 2015 (JPY)	As at 31 March 2014 (JPY)	As at 31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
Balances outstanding as at year end				
a. Trade receivables				
Holding Company				
- Nucleus Software Exports Limited	14,395,388	3,055,354	7,497,118	1,787,382
Fellow subsidiary company				
- Nucleus Software Inc.	19,582,873	16,702,552	10,198,760	9,770,993
b. Trade payables				
Holding Company				
- Nucleus Software Exports Limited	26,011,243	12,058,063	13,546,655	7,053,967
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd. (Refer note below)	40,045,594	24,506,454	20,855,745	14,336,276
c. Short-term borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd. (Refer note below)	14,400,000	12,282,000	7,499,520	7,184,970
d. Interest accrued but not due on borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd. (Refer note below)	-	133,083	-	77,854
e. Short term loans and advances				
Holding Company				
- Nucleus Software Exports Limited	-	256,311	-	149,942
f. Share capital				
- Nucleus Software Exports Limited	10,000,000	10,000,000	5,208,000	5,850,000

Note : The holding company, Nucleus Software Exports Limited (NSEL) has given guarantee on behalf of the Company to fellow subsidiary Nucleus Software Solutions Pte. Ltd. (NSS) in respect of all amounts payable by the company to the NSS.



2.20 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 JPY 66,590,727 (previous year JPY 37,350,739). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at	As at	As at	As at
	31 March 2015 (JPY)	31 March 2014 (JPY)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
Lease obligations payable				
a. Not later than 1 year	9,600,900	-	5,000,149	-
b. Later than 1 year but not later than 5 years	10,116,400	-	5,268,621	-
	19,717,300	-	10,268,770	-

2.21 FUNCTION WISE CLASSIFICATION OF THE STATEMENT OF PROFIT AND LOSS (Unaudited)

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2015 (JPY)	31 March 2014 (JPY)	31 March 2015 (Rupees) (Unaudited) See note 1.2 (i)	31 March 2014 (Rupees) (Unaudited) See note 1.2 (i)
Sales and services	455,460,448	491,847,038	255,467,765	298,698,706
Software development expenses	415,152,219	450,391,001	232,858,881	273,522,455
Gross Profit	40,308,229	41,456,037	22,608,885	25,176,251
Selling and marketing expenses	60,106,425	24,540,676	33,713,694	14,903,553
General and administration expenses	11,185,486	10,414,666	6,273,939	6,324,825
Operating profit/ (loss) before depreciation	(30,983,682)	6,500,695	(17,378,748)	3,947,873
Depreciation	2,224,894	434,922	1,247,943	264,128
Operating profit/ (loss) after depreciation	(33,208,576)	6,065,773	(18,626,691)	3,683,745
Other income	3,166,186	2,700	1,775,914	1,640
Profit/ (loss) before taxation	(30,042,390)	6,068,473	(16,850,777)	3,685,385
Net current tax expense	182,700	4,380,704	102,476	2,660,402
Profit/ (loss) after taxation	(30,225,090)	1,687,769	(16,953,253)	1,024,983

2.22 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, 2015.

2.23 SEGMENT REPORTING

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, 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.

2.24 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 Dusat

VISHNU R DUSAD
Director

Ravi Pratap Singh

RAVI PRATAP SINGH
Director

Place : Noida
Date : 7 May 2015