VIRSTRA I-TECHNOLOGY SERVICES LIMITED

Financial Statements for the year ended March 31, 2016 and Independent Auditor's report

Deloitte
Haskins & Sells

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF VIRSTRA I-TECHNOLOGY SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **VIRSTRA I-TECHNOLOGY SERVICES LIMITED** ("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 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 prescribed under Section 133 of 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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.

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

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

Report on Other Legal and Regulatory Requirements

1. 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 prescribed under Section 133 of the Act, as applicable.

   (e) On the basis of the written representations received from the directors as on 31 March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's 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; (Refer Note no. 2.27(d) of the financial statements)

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sameer Rohatgi

SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
4 May, 2016

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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 **VIRSTRA I-TECHNOLOGY SERVICES LIMITED** ("the Company") as of March 31, 2016 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". 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 the Institute of Chartered Accountants of India 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. 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 judgement, 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

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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, to the best of our information and according to the explanations given to us, 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 March 31, 2016, 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".

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

Sameer Rohatgi

SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
4 May, 2016

Deloitte Haskins & Sells
Chartered Accountants

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

ii. The Company does not have any inventory and hence reporting under Clause 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 or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

iv. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the Company.

vii. According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

We are informed that the operations of the Company during the year did not give rise to any liability for Employees State Insurance, Sales Tax, Custom Duty, Excise Duty and Value Added Tax.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2016 on account of disputes.

viii. According to the information and explanations given to us and the records examined by us, the Company has not taken any loans from financial institutions, banks and

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government nor has it issued any debentures. Accordingly, the provisions of clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the 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 clause 3(xi) of the Order are not applicable to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sameer Rohatgi

SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
4 May, 2016

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2016

	Notes Ref.	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	1,00,00,000	1,00,00,000
b. Reserves and surplus	2.2	10,32,29,856	17,38,33,843
		11,32,29,856	**18,38,33,843**
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.3	**30,54,166**	**27,48,422**
3. CURRENT LIABILITIES			
a. Trade payables	2.4		
i) Total outstanding dues of micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		63,91,294	39,79,538
b. Other current liabilities	2.5	27,77,956	19,57,199
c. Short-term provisions	2.6	10,65,619	8,96,835
		1,02,34,869	**68,33,572**
		12,65,18,891	**19,34,15,837**
ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.7	5,54,624	11,81,581
- Intangible assets	2.7	9,64,808	16,76,193
		15,19,432	28,57,774
c. Deferred tax assets	2.8	23,97,052	21,46,877
d. Long-term loans and advances	2.9	3,20,69,499	3,85,96,494
e. Other non-current assets	2.10	4,27,419	3,99,270
		3,64,13,402	**4,40,00,415**
2. CURRENT ASSETS			
a. Current investments	2.11	5,76,41,970	11,92,78,121
b. Trade receivables	2.12	1,55,00,176	1,45,46,973
c. Cash and cash equivalents	2.13	87,51,599	21,53,230
d. Short-term loans and advances	2.14	82,11,744	1,34,37,098
		9,01,05,489	**14,94,15,422**
		12,65,18,891	**19,34,15,837**
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 : 04-May-2016

Deloitte Haskins & Sells Chartered Accountants

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

Place : Noida
Date : 04-May-2016

RAVI PRATAP SINGH
Director

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

		Notes Ref.	Year Ended 31 March 2016 (Rupees)	Year Ended 31 March 2015 (Rupees)
1.	**REVENUE FROM OPERATIONS**			
	Sale of services		17,01,54,218	17,30,41,627
2.	**OTHER INCOME**	2.15	58,98,148	71,78,116
3.	**TOTAL REVENUE (1+2)**		**17,60,52,366**	**18,02,19,743**
4.	**EXPENSES**			
	a. Employee benefits expense	2.16	9,35,45,888	9,13,55,716
	b. Operating and other expenses	2.17	3,53,24,591	2,89,27,306
	c. Finance cost	2.18	5,09,455	4,38,864
	d. Depreciation and amortisation expense	2.7	14,35,351	14,99,373
	TOTAL EXPENSES		**13,08,15,285**	**12,22,21,259**
5.	**PROFIT BEFORE TAX (3-4)**		**4,52,37,081**	**5,79,98,484**
6.	**TAX EXPENSE**			
	a. Current tax expense		1,41,60,027	1,41,99,041
	b. Deferred tax charge/ (credit)	2.8	(2,50,175)	24,86,958
	c. Tax expense / (Credit) relating to prior period		70,641	-
	NET TAX EXPENSE		**1,39,80,493**	**1,66,85,999**
7.	**PROFIT FOR THE YEAR (5-6)**		**3,12,56,588**	**4,13,12,485**
8.	**EARNINGS PER SHARE**			
	Equity shares of Rs. 10 each			
	Basic and Diluted	2.24	31.26	41.31
	Number of shares used in computing earnings per share			
	Basic and Diluted		10,00,000	10,00,000

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 : 04-May-2016

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : 04-May-2016

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Notes Ref.	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		4,52,37,081	5,79,98,484
Adjustment for:			
Depreciation and amortisation expense		14,35,351	14,99,373
Exchange difference on translation of foreign currency accounts		85,859	(2,95,184)
Dividend received from non trade Investments		(36,13,849)	(58,77,816)
Interest income on fixed deposits with banks		(29,425)	(26,898)
Provisions no longer required written back		-	(3,59,815)
Operating profit before working capital changes		4,31,15,017	5,29,38,144
Adjustment for (increase)/decrease in operating assets			
Trade receivable		(16,42,019)	11,69,772
Short-term loans and advances		72,16,682	(59,56,846)
Other non-current assets		(28,149)	(13,099)
Adjustment for Increase/ (decrease) in operating liabilities			
Long-term provisions		3,05,744	(66,47,162)
Trade payables		24,11,066	4,73,287
Short- term provisions		1,68,784	(20,42,121)
Other current liabilities		8,19,867	(56,81,274)
		5,23,66,992	3,42,40,701
Income tax paid (net)		(92,51,276)	(1,07,59,680)
Net cash flow from operating activities (A)		**4,31,15,716**	**2,34,81,021**
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress		(97,009)	(25,47,308)
Purchase of current investments		(11,87,50,000)	(12,80,77,816)
Proceeds on sale of current investments		18,03,86,151	9,94,73,127
Interest income		29,425	14,559
Dividend received from investments		36,13,849	58,77,816
Net cash flow from /(used in) investing activities (B)		**6,51,82,416**	**(2,52,59,622)**
C. Cash flow from financing activities			
Interim dividend paid		(8,50,00,000)	-
Corporate dividend tax paid		(1,73,04,300)	-
Net cash flow from /(used in) financing activities (C)		**(10,23,04,300)**	-
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**59,93,832**	**(17,78,601)**
Cash and cash equivalents at the beginning of the year	2.13	21,53,230	37,70,994
Exchange difference on translation of foreign currency accounts		6,03,647	1,60,837
Cash and cash equivalents at the end of the year	2.13	**87,50,709**	**21,53,230**

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 : 04 May 2016

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : 04-May-2016

Note 1:

1.1 Company Background

VirStra I-Technology Services Limited ('Virstra' or 'the Company') was incorporated in May 2004 in India. Virstra is a wholly owned subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of offshore and onsite software support services to other group companies.

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.

ii. Use of estimates

The preparation of financial statements in conformity with 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 year. Examples of such estimates include estimates of future obligations under employee retirement benefit plans and 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 year in which the results are known / materialise.

iii. Cash flow statement

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

iv. 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.

v. Revenue recognition

Revenue from software services comprises income from time and material contracts, which is recognised as the services are rendered.

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vi. Other income

Interest is accounted for on accrual basis.

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

vii. Fixed assets

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.

viii. 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 in use are as follows:

Particulars	Useful life (in years)
Tangible assets	
Office and other equipment	5
Computers	3
Vehicles	5
Furniture and fixtures	5
Computer Servers	4
Intangible assets	
Software	3

ix. Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries 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.

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 year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss.

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The Company uses foreign exchange forward contracts and options to hedge its exposure for movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Company follows Accounting Standard (AS) 30 – "Financial Instruments: Recognition and Measurement" to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

xi. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

xii. Operating leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

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xiii. Earning 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.

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 applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable laws.

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.

xv. Impairment of assets

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.

xvi. Provisions and Contingencies

The company recognizes 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.

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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. Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

xviii. Derivative contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

xix. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

xx. 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.

Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
2.1 SHARE CAPITAL		
a. Authorised		
Equity shares		
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	**1,00,00,000**	**1,00,00,000**
b. Issued, subscribed and fully paid-Up		
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	**1,00,00,000**	**1,00,00,000**

Refer notes (i) to (iii) below

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

As at the beginning of the year		
- Number of Shares	10,00,000	10,00,000
- Amount	1,00,00,000	1,00,00,000
Shares issues/ (bought back) during the year		
- Number of Shares	-	
- Amount	-	
As at the end of the year		
- Number of Shares	10,00,000	10,00,000
- Amount	1,00,00,000	1,00,00,000

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

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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 Nucleus Software Exports Limited, the Holding Company**

- Number of Shares (see note below)	10,00,000	10,00,000
- Percentage	100%	100%
- Amount	1,00,00,000	1,00,00,000

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

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	Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
2.2	**RESERVES AND SURPLUS**		
	a. **General reserve**	6,60,67,678	6,60,67,678
	b. **Hedging reserve** (See note 2.27)		
	Opening balance	4,58,663	16,063
	Add: Movement during the year	4,43,725	4,42,600
	Closing balance	**9,02,388**	**4,58,663**
	c. **Surplus in the Statement of Profit and Loss**		
	Opening balance	10,73,07,502	6,59,95,017
	Add: Profit for the year	3,12,56,588	4,13,12,485
	Less: Interim dividend	8,50,00,000	-
	Less: Tax on interim dividend charge	1,73,04,300	-
	Closing balance	**3,62,59,790**	**10,73,07,502**
		10,32,29,856	**17,38,33,843**
2.3	**LONG-TERM PROVISIONS**		
	Provision for employee benefits		
	a. Provision for compensated absences	30,54,166	27,48,422
		30,54,166	**27,48,422**
2.4	**TRADE PAYABLES**		
	a. Trade Payables		
	i) Total outstanding dues to micro enterprises and small enterprises (see note below)	-	-
	ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	63,91,294	39,79,538
		63,91,294	**39,79,538**

Note : The Company has no amounts payable to Micro and Small enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

	Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
2.5	**OTHER CURRENT LIABILITIES**		
	a. Other payables - statutory liabilities	19,83,539	16,76,838
	b. Payable to Holding Company	3,39,193	1,76,133
	c. Unclaimed dividend	890	-
	d. Provision for gratuity (net) (See note 2.26)	4,54,334	1,04,228
		27,77,956	**19,57,199**
2.6	**SHORT-TERM PROVISIONS**		
	Provision for employee benefits		
	a. Provision for compensated absences	10,65,619	8,96,835
		10,65,619	**8,96,835**

2.7 Fixed Assets (At Cost)

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April 2015	Additions	Deductions / adjustments	As at 31 March 2016	As at 1 April 2015	Depreciation for the year	Deductions / adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible assets										
- Computers	2,63,29,292	-	49,426	2,62,79,866	2,51,47,711	7,11,973	49,426	2,58,10,258	4,69,608	11,81,581
	(2,52,47,613)	(10,81,679)	-	(2,63,29,292)	(2,40,71,466)	(10,76,245)	-	(2,51,47,711)	(11,81,581)	(11,76,147)
- Office equipment	1,34,39,947	97,009	11,990	1,35,24,966	1,34,39,947	11,993	11,990	1,34,39,950	85,016	-
	(1,34,39,947)	-	-	(1,34,39,947)	(1,34,39,947)	-	-	(1,34,39,947)	-	-
- Furniture and fixtures	7,13,380	-	-	7,13,380	7,13,380	-	-	7,13,380	-	-
	7,13,380	-	-	(7,13,380)	(7,13,380)	-	-	(7,13,380)	-	-
	4,04,82,619	97,009	61,416	4,05,18,212	3,93,01,038	7,23,966	61,416	3,99,63,588	5,54,624	11,81,581
	(3,94,00,940)	(10,81,679)	(-)	(4,04,82,619)	(3,82,24,793)	(10,76,245)	(-)	(3,93,01,038)	(11,81,581)	(11,76,147)
Intangible assets										
- Softwares	39,63,924	-	-	39,63,924	22,87,731	7,11,385	-	29,99,116	9,64,808	16,76,193
	(24,98,295)	(14,65,629)	-	(39,63,924)	(18,64,603)	(4,23,128)	-	(22,87,731)	(16,76,193)	(6,33,692)
Total	4,44,46,543	97,009	61,416	4,44,82,136	4,15,88,769	14,35,351	61,416	4,29,62,704	15,19,432	28,57,774
	(4,18,99,235)	(25,47,308)	-	(4,44,46,543)	(4,00,89,396)	(14,99,373)	-	(4,15,88,769)	(28,57,774)	

Notes :

i. Figures in brackets denote amounts pertaining to the previous year.

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2.8 DEFERRED TAX ASSET

Particulars	As at 1 April 2015	Charge/ (Credited) During the period	As at 31 March 2016
	(Rupees)	(Rupees)	(Rupees)
Provision for compensated absences and gratuity	12,16,521	(2,95,820)	15,12,341
On difference between book balance and tax balance of fixed assets	9,30,356	45,645	8,84,711
Deferred tax asset	**21,46,877**	**(2,50,175)**	**23,97,052**

Particulars	As at 31 March 2016	As at 31 March 2015
	(Rupees)	(Rupees)
2.9 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
a. Security deposits	55,79,420	55,79,420
b. MAT Credit Entitlement	2,42,80,345	3,11,36,062
c. Advance tax [net of provision for tax Rs. 62,883,705 (previous year Rs. 67,086,680)]	22,09,734	18,81,012
	3,20,69,499	**3,85,96,494**
2.10 OTHER NON CURRENT ASSETS		
a. Long term bank deposits	3,73,360	3,73,360
b. Interest accrued but not due on bank deposits	54,059	25,910
	4,27,419	**3,99,270**

Note:-
Balances with scheduled banks- in deposit accounts represents deposits under lien with bank and are restricted from being settled for more than 12 months from the Balance Sheet date.

2.11 CURRENT INVESTMENTS (at lower of cost or fair value)

Non Trade (Quoted)		
- 576,094.17 units (Previous year 1,192,108) of ICICI Prudential Liquid Direct Plan Daily Dividend	5,76,41,970	11,92,78,121
Aggregate amount of current investments	**5,76,41,970**	**11,92,78,121**
Market value of quoted investments	5,76,48,879	11,92,78,121

	Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
2.12	**TRADE RECEIVABLES**		
	(Unsecured, Considered good)		
	Trade receivables outstanding for a period less than six months from the date they were due for payment	**1,55,00,176**	**1,45,46,973**
2.13	**CASH AND CASH EQUIVALENTS**		
	A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
	a. Cash on hand	5,877	7,322
	b. Balances with scheduled banks:		
	- in current accounts	80,91,652	7,89,738
	- in EEFC accounts	6,53,180	13,56,170
	Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	**87,50,709**	**21,53,230**
	B. Other bank balances		
	a. Balances with scheduled banks:		
	- unclaimed dividend accounts	890	-
	Total - Other bank balances (B)	**890**	-
	Total Cash and cash equivalents (A+B)	**87,51,599**	**21,53,230**
	Details of balances as on balance sheet dates with scheduled banks in current accounts		
	- HDFC Bank Ltd	4,19,430	7,57,609
	- Citi Bank	76,72,222	32,128
	- Citi Bank *	6,53,180	13,56,171
		87,44,832	**21,45,908**

* EEFC account

	Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
2.14	**SHORT-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good)		
a.	Prepaid expenses	2,20,262	69,417
b.	Supplier advance	10,74,416	11,19,090
c.	Employee advances	4,80,694	1,44,461
d.	Mark-to-market gain on forward contracts	8,88,769	4,80,286
e.	MAT Credit Entitlement	55,47,603	40,00,000
f.	Application money for Mutual fund (considered good)	-	67,00,000
g.	Balances with government authorities - Service Tax credit receivable	-	9,23,844
		82,11,744	**1,34,37,098**

	Particulars	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
2.15	**OTHER INCOME**		
	a. Interest income on fixed deposits with banks	29,425	26,898
	b. Dividend income from non-trade current investments	36,13,849	58,77,816
	c. Net gain on foreign currency transactions and translation	15,99,625	8,91,964
	d. Net (loss)/gain on ineffective hedges (See note 2.27)	(13,619)	21,623
	e. Provisions no longer required written back	-	3,59,815
	f. Service tax refund received	6,68,868	-
		58,98,148	**71,78,116**
2.16	**EMPLOYEE BENEFITS EXPENSE**		
	a. Salaries and wages	8,54,34,608	8,31,38,574
	b. Contribution to provident and other funds	46,20,140	42,91,190
	c. Gratuity expense (see note 2.26)	20,95,131	16,12,222
	d. Staff welfare expenses	13,96,009	23,13,730
		9,35,45,888	**9,13,55,716**
2.17	**OPERATING AND OTHER EXPENSES**		
	a. Rent and hire charges (see note 2.19)	58,89,780	58,08,360
	b. Repair and maintenance		
	- Buildings	7,76,688	8,19,291
	- Others	8,91,787	7,88,355
	c. Insurance	3,43,533	35,053
	d. Rates & taxes	3,71,940	-
	e. Travelling		
	- Foreign	1,50,56,186	1,01,49,415
	- Domestic	3,23,464	9,08,636
	f. Legal and professional (see note 2.20)	31,91,300	20,65,772
	g. Conveyance	16,81,494	22,37,775
	h. Communication	19,66,487	19,32,938
	I. Training and recruitment	8,64,024	2,03,443
	j. Power and Fuel	25,03,101	25,54,857
	k. Advertisement and business promotion	8,348	32,461
	l. Miscellaneous expenses	14,56,459	13,90,950
		3,53,24,591	**2,89,27,306**
2.18	**FINANCE COST**		
	Bank charges	**5,09,455**	**4,38,864**

2.19 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 Rs. 5,889,780 (previous year Rs. 5,808,360). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
Lease obligations payable		
a. Not later than 1 year	8,61,570	51,69,420
b. Later than 1 year but not later than 5	-	8,61,570
	8,61,570	**60,30,990**

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	Particulars	Year ended 31 March 2016	Year ended 31 March 2015
		(Rupees)	(Rupees)
2.20	**Legal and professional include :**		
	a. As auditors - statutory audit*	6,00,000	6,00,000
	b. Other services	85,000	40,000
		6,85,000	**6,40,000**
	*excluding service tax		
2.21	**CIF value of imports**		
	Capital goods	-	**8,94,837**
2.22	**Earnings in foreign currency**		
	Sales of services	**17,01,54,218**	**17,30,41,627**
2.23	**Expenditure in foreign currency**		
	a. Travelling expenses	1,24,75,628	91,55,502
	b. Training expenses	2,36,672	-
	c. Other expenses	1,85,199	-
		1,28,97,499	**91,55,502**
2.24	**Earnings per share**		
	a. Profit after taxation available to equity shareholders (Rupees)	3,12,56,588	4,13,12,485
	b. Weighted average number of equity shares used in calculating basic earnings per share	10,00,000	10,00,000
	c. Weighted average number of equity shares used in calculating diluted earnings per share	10,00,000	10,00,000
	d. Basic earnings per share (Rupees)	31.26	41.31
	e. Diluted earnings per share (Rupees)	31.26	41.31

2.25 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

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

b. **Fellow Subsidiary:**
- Nucleus Software Solution Pte. Ltd., Singapore

Particulars	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
Transactions with related parties		
i. Sale of services		
- Nucleus Software Solution Pte. Ltd., Singapore	17,06,27,410	17,30,41,627
ii. Reimbursement of expenses		
From related parties		
- Nucleus Software Solution Pte. Ltd., Singapore	2,89,711	62,060
To related parties		
- Nucleus Software Exports Limited	7,94,853	16,396
iii. Dividend paid		
- Nucleus Software Exports Limited	8,49,99,830	-

Outstanding balances as at year end

Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
i. Loans and advances		
- Nucleus Software Exports Limited	-	-
ii Trade receivables		
- Nucleus Software Solution Pte. Ltd., Singapore	1,55,00,176	1,45,46,973
iii Other payables		
- Nucleus Software Exports Limited	3,39,193	1,77,020

2.26 Employee Benefit Obligations

Defined contribution plans

An amount of Rs. 4,620,140 (previous year Rs. 4,291,190) has been recognized as an expense in respect of Company's contribution for Provident Fund deposited with the government authorities.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs 1,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and leave encashment has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

During the year, the Company has made contributions to Virstra I- Technology Services Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2016 :

Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
a. Change in defined benefit obligations (DBO) during the year		
Obligation at beginning of the year	86,51,439	81,00,978
Current service cost	11,75,713	12,47,526
Interest cost	7,03,237	7,51,900
Actuarial losses/(gains)	10,06,774	(1,18,757)
Benefits paid	(7,35,666)	(13,30,208)
Obligation at year end	**1,08,01,497**	**86,51,439**
b. Change in fair value of Plan Assets during the year		
Plan assets at year beginning, at fair value	85,47,211	-
Expected return on asset plan	6,49,743	-
Contributions by employer	17,45,025	96,08,972
Actuarial (losses)/gains	1,40,850	2,68,447
Benefits paid	(7,35,666)	(13,30,208)
Plan assets at year end, at fair value	**1,03,47,163**	**85,47,211**
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,08,01,497	86,51,439
Fair value of plan assets	1,03,47,163	85,47,211
Funded status -Deficit	4,54,334	1,04,228
Net liability recognised in the Balance Sheet	4,54,334	1,04,228
d. Expected employer's contribution next year	10,00,000	10,00,000

e. **Gratuity cost for the year:**

Particulars	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015
Current service cost	11,75,713	12,47,526
Interest cost	7,03,237	7,51,900
Expected return on asset plan	(6,49,743)	-
Actuarial losses/(gains)	8,65,924	(3,87,204)
Net gratuity cost	**20,95,131**	**16,12,222**

Particulars	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
f. Assumptions :-		
Economic assumptions		
Discount rate	7.55%	7.90%
Salary escalation rate	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Discount rate:
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:
The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected Rate of Return on Plan Assets:
This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

g. **Demographic assumptions**		
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rates		
	Ages Withdrawal	Ages Withdrawal Rate
	21-50 years - 20%	21-50 years - 20%
	51-54 years - 2%	51-54 years - 2%
	55-57 years -1%	55-57 years -1%
h. **Category of Assets**		
Insurer managed funds	1,03,47,163	85,47,211

i. **Experience Adjustments**

	Year Ended		
	31 March 2016 (Rupees)	31 March 2015 (Rupees)	31 Mar 2014 (Rupees)
Defined Benefit Obligation	1,08,01,497	86,51,349	81,00,978
Plan Assets	1,03,47,163	85,47,211	-
Surplus/ (Deficit)	(4,54,334)	(1,04,228)	(81,00,978)
Experience Adjustments on plan liabilities	8,29,928	(5,20,099)	(1,84,053)
Experience Adjustments on plan Assets	1,40,850	2,68,447	-

	Year ended	
	31 March 2013 (Rupees)	31 March 2012 (Rupees)
Defined Benefit Obligation	73,76,983	56,33,489
Surplus/ Deficit	(73,76,983)	(56,33,489)
Plan Assets	-	-
Experience Adjustments on plan liabilities	3,52,724	1,95,805
Experience Adjustments on plan Assets	-	-

2.27 Forward contract and option in foreign currency

	Particulars	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
a.	**Forward contract outstanding**		
	In USD	6,00,000	10,50,000
	Equivalent amount in Rupees	3,97,56,000	6,56,25,000

b. Short term loans and advances include net marked to market gain of Rs. 888,769 (Previous year ended 31 March, 2015 : Rs. 480,286) relating to forward contracts which are outstanding as at year end. The gain on such forward contract which are designated as effective, aggregating to Rs. 902,388 (Previous year ended 31 March 2015 : gain of Rs. 458,663) have been credited to Hedging Reserve. The Loss on ineffective contracts aggregating to Rs. 13,619 (Previous year ended 31 March 2015: gain of Rs. 21,623) has been debited/credited to Statement of Profit and Loss.

c. The Company's exposure in respect of foreign currency denominated assets not hedged as on 31 March, 2016 by derivative instruments is as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Receivables in USD	1,54,100	1,65,000
Trade Receivables in Rupees	1,02,10,666	1,03,12,500
Trade Receivables in JPY	89,66,791	81,30,240
Trade Receivables in Rupees	52,89,510	42,34,473

d. The Company did not have any long term contracts including derivative contracts for which there were any material forseeable losses.

2.28 Segment reporting

Based on the guiding principles stated in Accounting Standard-17 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software support services in single country as one reportable segment only. Accordingly, no additional disclosure for segment reporting has been made in the financial statements.

Deloitte Haskins & Sells
Chartered Accountants

2.29 **FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)**

Particulars	**Year ended 31 March 2016 (Rupees)**	**Year ended 31 March 2015 (Rupees)**
Sales of services	17,01,54,218	17,30,41,627
Software support expenses	12,50,30,073	11,77,23,372
Gross Profit	**4,51,24,145**	**5,53,18,255**
General and administration expenses	43,49,861	29,98,514
Operating profit before depreciation	**4,07,74,284**	**5,23,19,741**
Depreciation	14,35,351	14,99,373
Operating profit after depreciation	**3,93,38,933**	**5,08,20,368**
Other income	58,98,148	71,78,116
Profit before taxation	**4,52,37,081**	**5,79,98,484**
Tax expense:		
- Net Current tax expense	1,42,30,668	1,41,99,041
- Deferred tax charge / (credit)	(2,50,175)	24,86,958
Profit after taxation	**3,12,56,588**	**4,13,12,485**

2.30 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.31 **EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY**

Particulars	**Year ended 31 March 2016 (Rupees)**	**Year ended 31 March 2015 (Rupees)**
Gross amount required to be spent by Company during the year ended 31 March, 2016 / 31 March, 2015 :	11,12,448	-
Amount spent during the period on purposes other than Construction/acquisition of any asset	-	-
	11,12,448	

2.32 Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : 04-May-2016