Deloitte
Haskins & Sells

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2013

Deloitte Haskins & Sells

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase-II
Gurgaon - 122 002, Haryana
India

Tel : + 91 (124) 679 2000
Fax : + 91 (124) 679 2012

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, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte Haskins & Sells Chartered Accountants

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 a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Restriction on Distribution and Use

The financial statements are prepared to assist Nucleus Software Exports Limited, the Holding Company for preparation of 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 Registration No. 015125N)

Deloitte Haskins & Sells Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

GURGAON, 26 April, 2013
RT/SK/2013

NUCCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH, 2013

	Notes Ref.	As at 31 March 2013 (JPY)	As at 31 March 2012 (JPY)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
EQUITY AND LIABILITIES					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	10,000,000	10,000,000	5,754,000	6,203,000
b. Reserves and surplus	2.2	43,848,685	(806,843)	25,230,533	(500,485)
		53,848,685	**9,193,157**	**30,984,533**	**5,702,515**
2. NON-CURRENT LIABILITIES					
Long-term borrowings	2.3	**33,962,040**	**39,374,400**	**19,541,758**	**24,423,940**
3. CURRENT LIABILITIES					
a. Trade payables	2.4	93,706,120	211,677,693	53,918,502	131,303,673
b. Other current liabilities	2.5	19,820,934	20,740,041	11,404,965	12,865,048
c. Short-term provisions	2.6	2,277,996	70,000	1,310,759	43,421
		115,805,050	**232,487,734**	**66,634,226**	**144,212,142**
		203,615,775	**281,055,291**	**117,160,517**	**174,338,597**
ASSETS					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.7	778,109	1,478,715	447,724	917,247
- Intangible assets	2.7	3,150	72,326	1,812	44,864
		781,259	1,551,041	449,536	962,111
b. Long-term loans and advances	2.8	9,347,200	9,613,800	5,378,379	5,963,440
		10,128,459	**11,164,841**	**5,827,915**	**6,925,551**
2. CURRENT ASSETS					
a. Trade receivables	2.9	22,143,875	163,869,684	12,741,586	101,648,365
b. Cash and Cash Equivalents	2.10	127,005,038	75,858,348	73,078,698	47,054,933
c. Short-term loans and advances	2.11	1,900,318	2,871,361	1,093,443	1,781,105
d. Other current assets	2.12	42,438,085	27,291,057	24,418,875	16,928,643
		193,487,316	**269,890,450**	**111,332,602**	**167,413,046**
		203,615,775	**281,055,291**	**117,160,517**	**174,338,597**
See accompanying notes forming part of the Financial Statements	1 & 2				

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Deloitte Haskins & Sells Chartered Accountants

RASHIM TANDON
Partner

Gurgaon
Date : 26 April, 2013

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

P K SANGHI
Director

New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.13	557,226,551	536,615,908	366,877,961	326,799,088
2. OTHER INCOME	2.14	4,942,513	9,414	3,254,151	5,733
3. TOTAL REVENUE (1+2)		**562,169,064**	**536,625,322**	**370,132,112**	**326,804,821**
4. EXPENSES					
a. Employee benefits expenses	2.15	29,074,632	24,109,064	19,142,738	14,682,420
b. Operating and other expenses	2.16	481,954,619	485,888,205	317,318,921	295,905,918
c. Finance cost	2.17	1,821,348	991,797	1,199,176	604,004
d. Depreciation and amortisation expense	2.7	608,754	1,071,381	400,804	652,471
TOTAL EXPENSES		**513,459,353**	**512,060,447**	**338,061,639**	**311,844,813**
5. PROFIT BEFORE TAX (3-4)		**48,709,711**	**24,564,875**	**32,070,473**	**14,960,008**
6. TAX EXPENSE					
Current tax provision		4,054,183	64,924	2,669,274	39,539
7. PROFIT / (LOSS) FOR THE YEAR (5-6)		**44,655,528**	**24,499,951**	**29,401,199**	**14,920,469**
8. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic and Diluted	2.19	223,278	122,500	147,006	74,602
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

Deloitte Haskins & Sells Chartered Accountants

RASHIM TANDON
Partner

Gurgaon
Date : 26 April, 2013

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

New Delhi
Date : 26 April, 2013

P K SANGHI
Director

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
A. Cash flow from operating activities					
Net Profit / (loss) before tax		48,709,711	24,564,875	32,070,473	14,960,008
Adjustments for:					
Depreciation		608,754	1,071,381	400,803	652,471
Fixed Assets written off		161,028	-	106,021	-
Exchange difference on translation of foreign currency accounts (unrealised)		-	-	(7,651,215)	5,316,741
Interest expense		1,283,791	460,564	845,248	280,483
Operating Profit /(loss) before working capital changes		**50,763,284**	**26,096,820**	**25,771,331**	**21,209,703**
Adjustment for (increase)/decrease in operating assets					
Trade Receivables		141,725,809	(140,524,282)	93,312,273	(85,579,288)
Long-Term Loans and Advances		266,600	(489,080)	175,529	(297,850)
Short -Term Loans and Advances		971,043	(880,785)	639,335	(536,398)
Other current assets		(15,147,028)	(3,886,048)	(9,972,803)	(2,366,604)
Adjustment for increase/ (decrease) in operating liabilities					
Trade payables		(117,971,573)	69,632,024	(77,672,484)	42,405,902
Other current liabilities		(919,107)	17,751,817	(605,140)	10,810,856
Short-term provisions		2,207,996	-	1,453,745	
		61,897,025	**(32,299,535)**	**33,101,785**	**(14,353,677)**
Direct taxes paid		4,054,183	64,924	2,669,274	39,539
Net cash from / (used in) operating activities (A)		**57,842,842**	**(32,364,459)**	**30,432,511**	**(14,393,216)**
B. Cash flow from investing activities					
Purchase of fixed assets		-	(754,892)	-	(459,729)
Net cash from / (used in) investing activities (B)		**-**	**(754,892)**	**-**	**(459,729)**
C. Cash flow from financing activities					
Interest paid		(1,283,791)	(460,564)	(845,248)	(280,483)
Proceeds from Long term borrowings		-	39,374,400	-	24,423,940
Repayment of Long term borrowings		(5,412,360)		(3,563,498)	
Net cash from / (used in) Financing activities (C)		**(6,696,151)**	**38,913,836**	**(4,408,746)**	**24,143,457**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		**51,146,690**	**5,794,485**	**26,023,766**	**9,290,512**
Cash and cash equivalents at the beginning of the Year	2.10	**75,858,348**	**70,063,862**	**47,054,933**	**37,764,421**
Cash and cash equivalents at the end of the Year	2.10	**127,005,037**	**75,858,348**	**73,078,699**	**47,054,933**
See accompanying notes forming part of the Financial Statements	1 & 2				

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Deloitte Haskins & Sells Chartered Accountants

RASHIM TANDON
Partner

Gurgaon
Date : 26 April, 2013

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

P K SANGHI
Director

New Delhi
Date : 26 April, 2013

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 are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 and the provisions of Companies Act, 1956 as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

These financial statements are being prepared on a going concern basis, that is the assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 212 of the Companies Act, 1956 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/materialse.

(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.

Deloitte Haskins & Sells
Chartered Accountants

(iv) 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.

(v) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. 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	4
Furniture and fixtures	5
Office Equipments	5
Software	3

(vi) 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.

(vii) 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.

Deloitte Haskins & Sells
Chartered Accountants
RT

(viii) 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.

(ix) 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.

(x) Taxes on Income

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.

(xi) 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.

(xii) 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.

(xiii) 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.

Deloitte Haskins & Sells
Chartered Accountants

Particulars	As at 31 March 2013 (JPY)	As at 31 March 2012 (JPY)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (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**	**5,754,000**	**6,203,000**
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**	**5,754,000**	**6,203,000**
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	6,203,000	5,390,000
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	5,754,000	6,203,000
(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	5,754,000	6,203,000
2.2 RESERVES AND SURPLUS				
a. Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance	(806,843)	(25,306,794)	(777,335)	(15,697,804)
Add: Profit for the year	44,655,528	24,499,951	29,401,199	14,920,469
Closing balance	**43,848,685**	**(806,843)**	**28,623,864**	**(777,335)**
b. Currency Translation Reserve				
Opening Balance	-	-	276,850	(9,090)
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	(3,670,181)	285,940
Closing balance	**-**	**-**	**(3,393,331)**	**276,850**
	43,848,685	**(806,843)**	**25,230,533**	**(500,485)**
2.3 LONG-TERM BORROWINGS (Unsecured)				
Term Loan from Fellow Subsidiary (see note 2.20)	45,282,720	49,218,000	26,055,677	30,529,925
Less : Current Maturities of long term debt (see Note 2.5)	(11,320,680)	(9,843,600)	(6,513,919)	(6,105,985)
	33,962,040	**39,374,400**	**19,541,758**	**24,423,940**

Note: i. Details of Terms of repayment
The above loan is repayable in annual instalments of USD 120,000 each on 31 December every year.
ii. Interest on the above loan is payable @ 2% over $ Libor for six months.

Deloitte Haskins & Sells Chartered Accountants

Particulars	As at 31 March 2013 (JPY)	As at 31 March 2012 (JPY)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.4 TRADE PAYABLES				
a. Trade Payables				
- Others	12,725,488	39,938,023	7,322,246	24,773,556
b. Due to Fellow Subsidiaries (see note 2.20)	62,960,271	81,923,990	36,227,340	50,817,451
c. Due to Holding Company (see note 2.20)	18,020,361	89,815,680	10,368,916	55,712,666
	93,706,120	211,677,693	53,918,502	131,303,673
2.5 OTHER CURRENT LIABILITIES				
a. Current Maturities of Long Term Debt (see Note below)	11,320,680	9,843,600	6,513,919	6,105,985
b. Interest accrued but not due on borrowings	280,067	344,809	161,151	213,885
c. Deferred Revenue	1,375,023	1,192,816	791,188	739,904
d. Other payables - statutory liabilities	6,845,164	9,358,816	3,938,707	5,805,274
	19,820,934	20,740,041	11,404,965	12,865,048

Note: See Note 2.3 Long Term Borrowings for Details of Security and terms of repayment.

2.6 SHORT-TERM PROVISIONS				
Provision for Income Tax [Net of Advance Tax of JPY 1,792,004 (INR 1,031,119) {previous year JPY NIL (INR NIL)}]	**2,277,996**	**70,000**	**1,310,759**	**43,421**

Deloitte Haskins & Sells Chartered Accountants

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

2.7 Fixed Assets (At Cost)

(Amount in JPY)

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at 1 April 2012	Additions	Deductions / adjustments	Currency Translation	As at 31 March 2013	As at 1 April 2012	For the year	Deductions / adjustments	Currency Translation	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets												
Office equipment	894,600 (894,600)	- -	- -		894,600 (894,600)	634,576 (455,166)	178,919 (179,410)	- -	- -	813,495 (634,576)	81,105 (260,024)	260,024 (439,434)
Computers	1,860,809 (3,957,507)	- (754,892)	- (2,851,590)	- -	1,860,809 (1,860,809)	969,935 (3,333,022)	332,736 (488,503)	- (2,851,590)	- -	1,302,671 (969,935)	558,138 (890,874)	890,874 (624,485)
Furniture and fixtures	906,452 (906,452)	- -	179,000 -	- -	727,452 (906,452)	578,635 (451,536)	78,425 (127,099)	68,474 -	- -	588,586 (578,635)	138,866 (327,817)	327,817 (454,916)
	3,661,861 (5,758,559)	**-** (754,892)	**179,000** (2,851,590)	**-** -	**3,482,861** (3,661,861)	**2,183,146** (4,239,724)	**590,080** (795,012)	**68,474** (2,851,590)	**-** -	**2,704,752** (2,183,146)	**778,109** (1,478,715)	**1,478,715** (1,518,835)
Intangible assets												
Software	**1,034,087** (1,034,087)	**-** -	**100,000** -	**-** -	**934,087** (1,034,087)	**961,761** (685,392)	**18,674** (276,369)	**49,498** -	**-** -	**930,937** (961,761)	**3,150** (72,326)	**72,326** (348,695)
Total	**4,695,948** (6,792,646)	**-** (754,892)	**279,000** (2,851,590)	**-** -	**4,416,948** (4,695,948)	**3,144,907** (4,925,116)	**608,754** (1,071,381)	**117,971** (2,851,590)	**-** -	**3,635,689** (3,144,907)	**781,259** (1,551,041)	**1,551,041** (1,867,530)

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

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at 1 Apr 2012	Additions	Deductions / adjustments	Currency Translation	As at 31 March 2013	As at 1 April 2012	For the year	Deductions / adjustments	Currency Translation	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets												
Office equipment	554,920 (482,189)	- -	- -	-40,168 (100,692)	514,753 (554,920)	393,627 (245,334)	117,800 (131,654)	- -	-43,343 (16,639)	468,085 (393,627)	46,668 (161,293)	161,293 (236,855)
Computers	1,154,260 (2,133,096)	- (459,729)	117,854 (1,736,618)	34,303 (209,442)	1,070,709 (1,154,260)	601,651 (1,796,499)	219,073 (201,232)	- (1,736,618)	-71,167 (340,538)	749,557 (601,651)	321,153 (552,609)	552,609 (336,597)
Furniture and fixtures	562,272 (488,578)	- -	- -	-143,696 (102,025)	418,576 (562,272)	358,927 (243,378)	51,635 (120,049)	45,083 -	-26,807 (4,500)	338,672 (358,927)	79,903 (203,345)	203,345 (245,200)
	2,271,452 (3,103,863)	**-** (459,729)	**117,854** (1,736,618)	**-149,561** (412,159)	**2,004,038** (2,271,452)	**1,354,205** (2,285,211)	**388,509** (452,935)	**45,083** (1,736,618)	**-141,317** (361,677)	**1,556,314** (1,354,205)	**447,724** (917,247)	**917,247** (818,652)
Intangible assets												
Software	**641,444** (557,373)	**-** -	**65,840** -	**-38,131** (116,391)	**537,474** (641,444)	**596,580** (369,426)	**12,295** (199,536)	**32,589** -	**-40,625** (27,618)	**535,661** (596,580)	**1,812** (44,864)	**44,864** (187,947)
Total	**2,912,897** (3,661,236)	**-** (459,729)	**183,694** (1,736,618)	**-187,691** (528,550)	**2,541,512** (2,912,896)	**1,950,786** (2,654,637)	**400,804** (652,471)	**77,672** (1,736,618)	**-181,942** (389,295)	**2,091,976** (1,950,785)	**449,536** (962,111)	**962,111** (1,006,599)

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

Deloitte Haskins & Sells
Chartered Accountants

Particulars		As at 31 March 2013 (JPY)	As at 31 March 2012 (JPY)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.8	**LONG-TERM LOANS AND ADVANCES** (Unsecured, considered good)				
	Security Deposits	9,347,200	9,613,800	5,378,379	5,963,440
2.9	**TRADE RECEIVABLES** (Unsecured, Considered good)				
	a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	14,976,744	-	8,617,618	-
	b. Other trade receivables	7,167,131	163,869,684	4,123,968	101,648,365
		22,143,875	163,869,684	12,741,586	101,648,365

Note: The above includes receivable from companies under the same management within the meaning of section 370(1B) of Companies Act, 1956.

	- Nucleus Software Inc., USA	14,976,744	10,624,608	8,617,618	6,590,444
2.10	**CASH AND CASH EQUIVALENTS**				
	a. Cash on hand	-	-	-	-
	b. Balances with non scheduled banks in current accounts :				
	- Bank of Tokyo Mitsubishi	11,986,007	14,607,831	6,896,748	9,061,238
	- Shinsei Bank	36,657,251	40,010,089	21,092,582	24,818,258
	- Citibank	78,361,780	21,240,428	45,089,368	13,175,437
		127,005,038	75,858,348	73,078,698	47,054,933

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

2.11	**SHORT-TERM LOANS AND ADVANCES** (Unsecured, considered good)				
	a. Advance to Employees	-	61,348	-	38,054
	b. Prepaid Expenses	1,900,318	2,525,617	1,093,443	1,566,640
	c. Expenses recoverable from Customers	-	284,396	-	176,411
		1,900,318	2,871,361	1,093,443	1,781,105
2.12	**OTHER CURRENT ASSETS** (Unsecured, Considered good)				
	Service Income accrued but not due	42,438,085	27,291,057	24,418,875	16,928,643

Particulars		Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.13	**SALES AND SERVICES**				
	Software Development Services (refer note below)	**557,226,551**	**536,615,908**	**366,877,961**	**326,799,088**

Note: Income from Software development services for the year ended 31st March 2013 includes prior period revenue of JPY 2,262,165 (Rupees 1,622,651)

2.14	**OTHER INCOME**				
	a. Interest income on deposits with banks	16,057	9,414	10,572	5,733
	b. Provisions no longer required written back	4,926,456	-	3,243,579	-
		4,942,513	9,414	3,254,151	5,733
2.15	**EMPLOYEE BENEFITS EXPENSE**				
	a. Salaries and wages	27,461,190	22,548,996	18,080,448	13,732,339
	b. Staff welfare expenses	1,613,442	1,560,068	1,062,290	950,081
		29,074,632	24,109,064	19,142,738	14,682,420

Deloitte Haskins & Sells
Chartered Accountants

Particulars	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.16 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	371,936,425	368,500,632	244,882,942	224,416,885
b. Power and fuel	181,926	221,368	119,780	134,813
c. Rent	83,473,869	80,103,276	54,959,195	48,782,895
d. Repair and maintenance			-	-
- Others	50,477	9,959	33,234	6,065
f. Insurance	34,434	20,000	22,671	12,180
f. Rates and taxes	968,040	35,182	637,358	21,426
g. Travelling			-	-
- Foreign	5,266,718	4,693,187	3,467,607	2,858,151
- Domestic	1,522,963	1,496,902	1,002,719	911,613
i. Advertisement and business promotion	451,663	558,395	297,375	340,063
i. Professional expenses (see note 2.18)	9,547,837	25,115,257	6,286,296	15,295,192
j. Conveyance	128,370	999,469	84,519	608,676
k. Communication	1,784,274	2,311,268	1,174,766	1,407,562
l. Printing and Stationery	157,246	315,469	103,531	192,121
m. Assets Written Off	727,743	568,795	479,146	346,396
n. Advances and other current assets written off (Net of Provisions)	-	396,347	-	241,376
o. Loss on Foreign currency transaction and transalation (net)	5,460,941	505,054	3,595,483	307,578
p. Miscellaneous expenses	261,693	37,645	172,299	22,926
	481,954,619	485,888,205	317,318,921	295,905,918
2.17 FINANCE COST				
a. Bank Charges	537,557	531,233	353,928	323,521
b. Interest on Borrowings	1,283,791	460,564	845,248	280,483
	1,821,348	991,797	1,199,176	604,004
2.18 Professional expenses include:				
Statutory Audit fees (Excluding Service Tax)	2,172,402	2,237,766	1,430,309	1,362,799
2.19 Earnings per share				
Basic and Diluted				
a. Profit / (Loss) after tax	44,655,528	24,499,951	29,401,199	14,920,469
b. Weighted average number of equity shares	200	200	200	200
c. Earnings per share	223,278	122,500	147,006	74,602

2.20 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

Particulars	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
Transactions with related parties				
a. Sales and services				
Fellow Subsidiary Company				
- Nucleus Software Inc., USA	-	8,670,500	-	5,280,335
b. Outsourced technical service expenses				
Holding Company				
- Nucleus Software Exports Limited	210,180,103	203,061,930	138,382,580	123,664,715
Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd, Singapore	150,262,931	110,469,930	98,933,114	67,276,187

Deloitte Haskins & Sells
Chartered Accountants

Particulars	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
c. Reimbursement of expenses				
From Holding Company				
- Nucleus Software Exports Limited	280,573	870,670	184,729	530,238
From Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd, Singapore	-	1,799,378	-	1,095,821
- Nucleus Software Inc. USA	2,413,747	-	1,589,211	-
To Holding Company				
- Nucleus Software Exports Limited	1,426,687	173,367	939,331	105,581
To Fellow Subsidiary Company				
- Nucleus Software Inc, USA		1,540,428	-	938,121
d. Borrowings				
From Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd.	-	46,752,000	-	28,471,968
e. Repayment of Long-term Borrowings				
- Nucleus Software Solutions Pte Ltd.	10,112,400	-	6,658,004	-
f. Interest on Borrowings				
To Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd.	1,283,791	460,564	845,248	280,483
Balances outstanding as at year end				
a. Trade Receivables				
Fellow subsidiary company				
- Nucleus Software Inc., USA	14,976,744	10,624,608	8,617,618	6,590,444
b. Trade Payables				
Holding Company				
- Nucleus Software Exports Limited	18,020,361	89,815,680	10,368,916	55,712,666
Fellow subsidiary company				
- Nucleus Software Solutions Pte Ltd. (Refer note below)	62,960,271	81,923,990	36,227,340	50,817,451
c. Long Term Borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte Ltd. (Refer note below)	45,282,720	49,218,000	26,055,677	30,529,925
d. Interest Accrued but not due on Borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte Ltd. (Refer note below)	280,067	344,809	161,151	213,885
e. Share Capital				
- Nucleus Software Exports Limited	10,000,000	10,000,000	5,754,000	6,203,000

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.

2.21 The Company's exposures in foreign currency which are not hedged as on 31 March 2013 by derivative instruments or otherwise is as follows:

	Particulars	Amount (USD)	Amount (JPY)	Amount (Rupees) (Unaudited)
	As at 31 March, 2013			
a.	Current Liabilities	122,969	11,600,747	6,675,070
b.	Non-Current Liabilities	360,000	33,962,040	19,541,758
	As at 31 March, 2012			
a.	Current Assets	124,203	10,188,409	5,862,411
b.	Current Liabilities	480,000	39,374,400	22,656,030

Deloitte Haskins & Sells
Chartered Accountants

2.22 Function Wise Classification of the Statement of Profit and Loss (unaudited)

Particulars	Year ended 31 March 2013 (JPY)	Year ended 31 March 2012 (JPY)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
Sales and services	557,226,551	536,615,908	366,877,961	326,799,088
Software development expenses	457,036,507	368,500,632	300,912,836	224,416,885
Gross Profit	**100,190,044**	**168,115,276**	**65,965,125**	**102,382,203**
Selling and marketing expenses	39,589,055	123,006,133	26,065,434	74,910,736
General and administration expenses	16,225,038	19,482,301	10,682,565	11,864,721
Operating profit before depreciation	**44,375,951**	**25,626,842**	**29,217,126**	**15,606,746**
Depreciation	608,754	1,071,381	400,804	652,471
Operating profit after depreciation	**43,767,197**	**24,555,461**	**28,816,322**	**14,954,275**
Other income	4,942,513	9,414	3,254,151	5,733
Profit before taxation	**48,709,710**	**24,564,875**	**32,070,473**	**14,960,008**
- Provision for tax - current income tax	4,054,183	64,924	2,669,274	39,539
Profit after taxation	**44,655,527**	**24,499,951**	**29,401,199**	**14,920,469**

2.23 Segment Reporting

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified in the Companies (Accounting Standard) Rules, 2006, the Company has identified its business of providing software development services and products to the customers in Japan as one reportable segment only. Accordingly, no additional disclosure for segment reporting has been made 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.

Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

K SANGHI
Director

New Delhi
Date : 26 April, 2013