

INDEPENDENT AUDITOR'S REPORT

To the Members of Nucleus Software Exports Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Nucleus Software Exports Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2023, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, its consolidated profit including other comprehensive income, consolidated changes in equity, and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of Key Audit Matter

Revenue recognition- Significant Judgment required in estimating percentage of work completed in fixed price contracts See note 1.2.iii and note 2.27 to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
For the year ended March 31, 2023, revenue amounting to Rs 63,446 Lakh has been recognized from the sale of software products and sale of services to customers. This revenue includes revenue from fixed price contracts which is recognized based on the percentage of work completed. The percentage of work completed is estimated by the Company on the basis of the completion of milestones and activities as agreed with the customers. Due to the number and complexity of activities performed, significant judgments are required to estimate this percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended March 31 2023.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. Performed walkthrough of the underlying process and documented the controls and assessed the effectiveness of their design and implementation. Also performed tests to assess whether the controls were operating as designed. • Involved IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively. • Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performed the following procedures for each contract selected: ○ inspected key terms, including transaction price, deliverables, performance obligations, timetable, and milestones, set out in the contract; ○ inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies, and billing schedules; ○ tested project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data; ○ verified the details of activities completed with those stated in the customer contract and confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which form the basis of percentage of completion; and ○ verified the ageing analysis and performed analytical procedures, based on revenue trends, to assess the movements in accruals.



Information other than the Consolidated Financial Statements and Auditors' Report thereon

The Holding Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Holding Company's annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated change in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015 amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group including 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group comprising of the Holding Company and subsidiary incorporated in India has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by



other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (b) and (c) of the section titled "Other Matters" in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) The Consolidated Financial Statements of the Company for year ended March 31, 2022, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 17, 2022.
- b) We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of Rs. 3,381 Lakh as at March 31, 2023, total revenues of Rs. 7,922 Lakh, total net loss of Rs. 300 Lakh and net cash outflow amounting to Rs. 266 Lakh for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such



subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- c) The financial information of four subsidiaries, whose financial information reflect total assets of Rs. 803 Lakh as at March 31 2023, total revenues of Rs.1,332 Lakh, total net loss of Rs. 69 Lakh and net cash outflows amounting to Rs. 32 Lakh for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and other financial information certified by the management.

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiary company included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of the subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;



- (c) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 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 and operating effectiveness of such controls of the Holding Company and its subsidiary companies, which are the companies incorporated in India, refer to our separate Report in "Annexure A", and
- (g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company and subsidiary companies which are the companies incorporated in India to its directors during the current year is in accordance with the provisions of Section 197 of the Act;
- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its consolidated financial statements – Refer Note 2.33 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31 2023.
 - iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended March 31, 2023;
 - iv. (a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note 2.44 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note 2.44 to the accounts no funds have been received by the Group from any person or entity, including foreign entities ("Funding Parties"), with the



understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement;
- v. The final dividend proposed in the previous year, declared, and paid by the Holding Company during the year, is in accordance with Section 123 of the Act. The subsidiary company incorporated in India has neither declared nor paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding company and subsidiary company incorporated in India only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006

PARVEEN
KUMAR

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Parveen Kumar

Partner

Membership No. 088810



UDIN: 23088810BGTOPW3837

Place: New Delhi

Date: May 26, 2023

NUCLEUS SOFTWARE EXPORTS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	2,334	3,099
Capital work in progress	2.1(b)	43	4
Other intangible assets	2.1(a)	244	675
Intangible assets under development	2.1(c)	38	42
Right of use assets	2.2	1,141	750
Investment property	2.3	1,330	1,359
Financial assets			
Investments	2.4	29,894	19,363
Loans	2.5	25	19
Other financial assets	2.6	2,808	1,149
Deferred tax assets (net)	2.20	-	13
Income tax asset (net)	2.7	1,039	1,624
Other non-current assets	2.8	179	64
Total non-current assets		39,075	28,161
Current Assets			
Financial assets			
Investments	2.9	22,632	28,594
Trade receivables	2.10	17,463	8,319
Cash and cash equivalents	2.11	5,049	3,575
Other bank balances	2.12	62	2,025
Loans	2.13	50	18
Other financial assets	2.14	96	239
Other current assets	2.15	2,991	2,763
Total current Assets		48,343	45,533
Total Assets		87,418	73,694
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.16	2,677	2,677
Other equity	2.17	58,389	46,683
Total equity attributable to equity holders of the company		61,066	49,360
Non- controlling interest		-	-
Total Equity		61,066	49,360
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	387	47
Other financial liabilities	2.18	-	28
Other non-current liabilities	2.19	-	3
Deferred tax liabilities (net)	2.20	198	-
Provisions	2.21	2,466	2,494
Total non-current liabilities		3,051	2,572
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	239	186
Trade payables	2.22		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,228	1,427
Other financial liabilities	2.23	3,280	4,174
Provisions	2.24	502	539
Current tax liabilities (net)	2.25	1,234	35
Other current liabilities	2.26	16,818	15,401
Total current liabilities		23,301	21,762
TOTAL EQUITY AND LIABILITIES		87,418	73,694

See accompanying notes forming part of the consolidated financial statements

1 & 2

As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm Registration Number : 009571N/N500006

PARVEEN KUMAR
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PARVEEN KUMAR
Date: 2023.05.26
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Parveen Kumar
Partner
Membership number : 088810

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Vishnu Rampratap Dusad
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Dusad
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VISHNU R DUSAD
Managing Director

DIN : 00008412

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ANURAG MANTRI
Chief Financial Officer &
Whole-time Director

DIN : 9002894

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PARAG BHISE
Chief Executive Officer &
Whole-time Director
DIN : 8719754

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POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place : New Delhi
Date : 26 May 2023

Place : Noida
Date : 26 May 2023

NUCLEUS SOFTWARE EXPORTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

(Amount in Rupees Lacs unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
1. REVENUE FROM OPERATIONS	2.27	63,446	49,719
2. OTHER INCOME	2.28	3,406	3,466
3. TOTAL INCOME (1+2)		66,852	53,185
4. EXPENSES			
a. Employee benefits expense	2.29	39,399	39,409
b. Operating and other expenses	2.30	8,370	6,607
c. Finance cost	2.31	102	81
d. Depreciation, amortisation and impairment expenses	2.1(a) and 2.2	1,873	1,538
TOTAL EXPENSES		49,744	47,635
5. PROFIT BEFORE TAX (3-4)		17,108	5,550
6. TAX EXPENSE			
a. Current tax expense		4,221	1,330
b. Deferred tax credit /charge	2.20	108	129
NET TAX EXPENSE		4,329	1,459
7. PROFIT FOR THE YEAR (5-6)		12,779	4,091
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		406	(1,106)
b) Equity instruments through Other Comprehensive Income, net		385	(271)
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		(102)	278
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Exchange difference on translation of foreign operations		107	39
b) Effective portion of gains and loss on hedging instruments in a cash flow hedge		6	(25)
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(1)	6
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		801	(1,079)
9. TOTAL COMPREHENSIVE INCOME (7+8)		13,580	3,012
Profit attributable to			
Owners of the Company		12,779	4,091
Non- controlling interest		-	-
10 Total comprehensive income attributable to		12,779	4,091
Owners of the Company		13,580	3,012
Non- controlling interest		-	-
11. EARNINGS PER EQUITY SHARE	2.35		
Equity shares of Rupees 10 each			
a. Basic (Rs)		47.73	14.28
b. Diluted (Rs)		47.73	14.28
Number of shares used in computing earnings per share			
a. Basic		26,773,324	28,643,152
b. Diluted		26,773,324	28,643,152

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

As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm Registration Number : 009571N/N500006

PARVEEN KUMAR Digitally signed by
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Date: 2023.05.26
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Parveen Kumar
Partner
Membership number : 088810

Place : New Delhi
Date : 26 May 2023

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Vishnu Rampratap Dusat Digitally signed by
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VISHNU R DUSAD
Managing Director

DIN : 00008412

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ANURAG MANTRI
Chief Financial Officer &
Whole-time Director

DIN : 9002894

Place : Noida
Date : 26 May 2023

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PARAG BHISE
Chief Executive Officer &
Whole-time Director
DIN : 8719754

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POONAM BHASIN
AVP (Secretarial) &
Company Secretary

NUCLEUS SOFTWARE EXPORTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

A. Equity Share Capital

	(Amount in Rupees Lacs unless otherwise stated)	
Balance as of 1 April 2022	Changes in equity share capital during the year	Balance as on 31 March 2023
2,677	-	2,677

Balance as of 1 April 2021	Changes in equity share capital during the year	Balance as on 31 March 2022
2,904	(227)	2,677

B. Other Equity

	Capital reserve	Securities premium	Reserves and Surplus	Retained earnings	Hedging reserve	Items of OCI	Equity instrument through other comprehensive income	Total
			Capital redemption reserve	General reserve		Foreign currency translation reserve		
Balance as of 1 April 2022	89	-	561	-	45,598	8	230	46,683
Profit for the year	-	-	-	-	12,779	-	-	12,779
Final dividend on equity shares	-	-	-	-	(1,874)	-	-	(1,874)
Effective gain/(loss) on hedging instruments	-	-	-	-	-	5	-	5
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	107	107
Remeasurement of the defined benefit plans, net	-	-	-	-	-	-	385	385
Attributable to owners of the company	89	-	561	-	56,807	13	615	58,389

Balance as on 31 March 2023	89	-	561	-	56,807	13	615	58,389
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	Capital reserve	Securities premium	Reserves and Surplus	Retained earnings	Hedging reserve	Items of OCI	Equity instrument through other comprehensive income	Total
			Capital Redemption reserve	General reserve		Foreign currency translation reserve		
Balance as of 1 April 2021	89	100	334	661	62,428	27	501	64,298
Profit for the year	-	-	-	-	4,091	-	-	4,091
Final dividend on equity shares	-	-	-	-	(1,742)	-	-	(1,742)
Tax on buyback of equity shares	-	-	-	-	(3,240)	-	-	(3,240)
Effective gain/(loss) on hedging instruments	-	-	-	-	-	(19)	-	(19)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	39	39
Remeasurement of the defined benefit plans, net	-	-	-	-	(828)	-	(271)	(271)
Attributable to owners of the company	89	-	561	-	45,597	8	230	46,683

Balance as on 31 March 2022	89	-	561	-	45,597	8	230	46,683
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See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached

For ASA & Associates LLP

Chartered Accountants
Firm Registration Number : 009571N/NS00006

PARVEEN KUMAR

Digitally signed by
PARVEEN KUMAR
Date: 2023.05.26
17:59:46 +05'30'

Parveen Kumar
Partner

Membership number : 088810

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Vishnu

Rampirata
p Dusad

VISHNU R DUSAD
Managing Director

PARAG

Digitally signed
by PARAG BHISE
Date: 2023.05.26
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PARAG BHISE
Chief Executive Officer &
Whole-time Director

DIN : 8719754

Poonam

Digitally signed by
Poonam Bhasin
Date: 2023.05.26
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POONAM BHASIN
AVP (Secretariat) &
Company Secretary

Place : New Delhi
Date : 26 May 2023

Place : Noida
Date : 26 May 2023

NUCLEUS SOFTWARE EXPORTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(Amount in Rupees Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities		
Net profit before tax	17,108	5,550
Adjustment for:		
Depreciation, amortisation and impairment expenses	1,873	1,538
Exchange gain / loss on translation of foreign currency accounts (net)	(56)	(107)
Dividend received from current investments	-	(100)
Dividend received from non-current investment	(50)	(38)
Interest income on financial assets- carried at amortised cost	(669)	(873)
MTM (gain) on investments	(1,991)	(1,885)
Net (gain)/loss on sale of investments	(100)	(95)
Profit on sale of property, plant and equipment (net)	(36)	(12)
Unwinding of interest on security deposit	1	2
Interest expense on lease liability	59	42
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	46	82
Withholding tax charged off	298	312
Discounting of staff loan and security deposit	(22)	(25)
Deferred lease income on Security deposit received	(1)	(2)
Rent concession on lease liability	(3)	(16)
Assets Retirement Obligation reversal	2	1
Operating profit before working capital changes	16,459	4,374
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(9,118)	720
Loans	(37)	(24)
Other assets	(235)	(595)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(199)	122
Provisions and other liabilities	849	2,789
Net Income taxes paid	7,719	7,386
Net cash from operating activities (A)	(2,735)	(1,619)
	4,984	5,767
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(370)	(2,424)
Proceeds from sale of property, plant and equipment	39	24
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(2,231)	16,355
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	436	128
Interest received on fixed deposits, tax free bonds	806	1,671
Dividend received from investments	50	100
Net cash (used in) investing activities (B)	(1,270)	15,854
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(332)	(392)
Interest paid on lease liabilities	(59)	(42)
Buyback of equity shares including tax thereon (see note 2.16)	-	(19,112)
Interim dividend / Final dividend paid	(1,874)	(1,742)
Net cash (used in) in financing activities (C)	(2,265)	(21,288)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,449	333
Opening cash and cash equivalents	3,575	3,227
Exchange difference on translation of foreign currency bank accounts	25	15
Closing cash and cash equivalents [see note 2.11]	5,049	3,575

Notes:

Supplementary information

	For the year ended 31 March 2023	For the year ended 31 March 2022
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1. Cash and cash equivalents represents :

Cash on hand	0	-
Remittance in transit	-	-
Cheques on hand	-	-
Balances with scheduled banks	1,662	700
Balance with non scheduled banks in current accounts	1,791	1,796
Balances with scheduled banks in deposit accounts	1,596	1,079
with original maturity of less than 3 months		
	5,049	3,575

2. Reconciliation of movements of liabilities to cash flows arising from financing activities :-

At the beginning (current and non current)	233	630
Addition in lease liabilities	719	6
Interest accrued	59	42
Net Cash outflow	(392)	(434)
Rent concession	(3)	(16)
Translation Difference	10	5
At the end (current and non current)	626	233

3.CSR contribution :Refer note 2.43 for amount spent during the year ended 31 March 2023 and 31 March 2022 relating to CSR activities .

(i) Figures in brackets indicate cash outflow.

See accompanying notes forming part of the consolidated financial statements

1 & 2

As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm Registration Number : 009571N/N500006

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

PARVEEN KUMAR
Digitally signed by
PARVEEN KUMAR
Date: 2023.05.26
18:00:51 +05'30'

Parveen Kumar
Partner

Membership number : 088810

Vishnu Rampratap Dusad
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Vishnu Rampratap Dusad
Date: 2023.05.26
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VISHNU R DUSAD
Managing Director

ANURAG MANTRI
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ANURAG MANTRI
Date: 2023.05.26
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ANURAG MANTRI
Chief Financial Officer &
Whole-time Director

DIN : 9002894

Place : New Delhi
Date : 26 May 2023

Place : Noida
Date : 26 May 2023

PARAG BHISE
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PARAG BHISE
Date: 2023.05.26
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PARAG BHISE
Chief Executive Officer &
Whole-time Director

Poonam Bhasin
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Poonam Bhasin
Date: 2023.05.26
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POONAM BHASIN
AVP (Secretarial) &
Company Secretary

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1:

1.1 Reporting Entity

Nucleus Software Exports Limited ('Nucleus' or 'the Company' or "the Holding Company") was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 31 March 2023, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

The Company has wholly owned subsidiaries in India, Singapore, USA, Japan, Netherlands, Australia, and Africa. (the Company and its subsidiaries constitute "the Group").

The Group's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The consolidated financial statements were approved for issue by the Board of Directors of the Holding Company on 26 May 2023.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, at some places '-' are also put up to values below INR 50,000 to make financials in round off to Rupees in Lacs.

c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of the non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Current liabilities include current portion of the non-current financial liabilities.
All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has ascertained its operating cycle, being a period within 12 months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The Consolidated financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Leases classification :Note 2.2
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15
- Consolidation: whether the Group has de facto control over an investee.- Note 1.2 (ii)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax asset and liabilities - Note 2.20
- Estimated useful life of property, plant and equipment and Intangible assets - Note 1.2 (v) and.(vi)
- Investment property Note 2.3
- Estimation of defined benefit obligations— Note 2.40
- Impairment of trade receivables- Note 2.10
- Impairment of Unbilled revenue and Income accrued but not due - Note 2.15
- Impairment loss on preference shares carried at amortised cost-Note 2.4

f) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Basis of Consolidation

a) Business combinations

As per Ind AS 101, at the date of transition, the Group has elected not to restate business combination that occurred before the date of transition.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill and tested for impairment annually. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii. Revenue Recognition

The Group earns revenue primarily from software product development and providing support services mainly for corporate business entities in the banking and financial services sector.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the financial statements of the Group.

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognized 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 year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

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

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products are recorded at gross basis as the Group is acting as the principal.

Out of pocket reimbursable expenses e.g. travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due. (only act of invoicing is pending in accordance with terms of the contract).

Advances from customers/ Advance billing and Deferred revenue ("contract liability") is recognised when there is billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue is classified as other financial asset (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms

iv. Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

v. Property, Plant and equipment

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Depreciation on property, Plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective item of property, plant and equipment when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Management estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
Building*	30	30
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5-7	10
Temporary wooden structures (included in Building)	3	3

* Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

vi. Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Property under construction or development for future use as an investment property is classified as investment property under construction.

Depreciation on investment property, except leasehold land, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management's estimates of the useful lives are as follows:

Category of investment property Estimated useful life (in years)

Building	30
Temporary structure *	10

* Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Any gain or loss on disposal of an investment property is recognized in the statement of profit or loss. The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

vii. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the software are 3-5 years.

For measurement of goodwill that arises on a business combination (see Note 1.2 (ii) (a))
Subsequent measurement is at cost less any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Software	3-5 years
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Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

viii. Financial instruments

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vii)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

ix. Impairment

a) Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

x. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

xi. Foreign Currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into INR, the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Assets and liabilities of subsidiaries with functional currency other than the functional currency of the Holding Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, branches) are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

xii. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xiii. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Group and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Group becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xiv. Employee benefits

a. India

Employee benefit includes provident fund, gratuity and compensated absences.

Defined contribution plans

The Group'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 fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

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 recognized 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 recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

b. Singapore

The respective subsidiary's contribution to central provident fund is deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss. 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 period in which the employee renders the related service.

c. United States of America/ Netherlands/ Japan/Australia/Africa

The respective subsidiary's social security contributions are charged to the Consolidated Statement of Profit and Loss.

Employee stock option based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

xv. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

xvi. Research and development

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for property plant and equipment.

xvii. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

xviii. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

NUCLEUS SOFTWARE EXPORTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1(a) Property, plant and equipment

(Amount in Rupees Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT		
	As at 1 April 2022	Additions	Deductions / adjustments	As at 31 March 2023	As at 1 April 2022	Depreciation for the year	Deductions / adjustments	As at 31 March 2023	As at 31 March 2022
Tangible assets									
Freehold land	34 (34)	-	-	34 (34)	-	-	-	-	34 (34)
Leasehold improvements	14 (14)	-	-	14 (14)	14 (14)	-	-	14 (14)	-
Buildings	1,658 (1,658)	-	-	1,658 (1,658)	535 (453)	82 (82)	-	617 (535)	1,041 (1,123)
Plant and equipment	697 (623)	17 (85)	(11) (11)	715 (697)	428 (344)	93 (96)	2 (12)	519 (428)	196 (269)
Computer equipment	3,870 (2,473)	70 (1,420)	43 (23)	3,897 (3,870)	2,358 (1,907)	667 (474)	39 (23)	2,986 (2,358)	911 (1,512)
Vehicles	321 (343)	82 (23)	38 (45)	365 (321)	220 (196)	56 (55)	35 (31)	241 (220)	124 (101)
Furniture and fixtures	217 (205)	- (12)	0 (205)	217 (217)	157 (117)	32 (40)	(0) (0)	- (189)	28 (88)
	6,811 (5,350)	169 (1,540)	80 (79)	6,900 (6,811)	3,712 (3,031)	930 (747)	76 (66)	4,566 (3,712)	2,334 (3,099)
Intangible assets									
Software	1,983 (1,090)	111 (893)	0 (893)	2,094 (1,983)	1,308 (965)	542 (343)	-	1,850 (1,308)	244 (675)
Other intangible assets	-	-	-	-	-	-	-	-	-
Total	8,794	280	80	8,994	5,020	1,472	76	6,416	2,578
Previous year	(6,440)	(2,433)	(79)	(8,794)	(3,996)	(1,090)	(66)	(5,020)	(3,774)

Note :1

Property, plant and equipment	Gross carrying amount	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Held since	Reason for not held in company name
Freehold land -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993	-
Freehold land -2	27	Nucleus Software Exports Ltd	Title deed held in company name.	4 October 2004	-
Total	34				
Buildings -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993 and 4 October 2004	-
Buildings -2	1,651	Nucleus Software Exports Ltd	Title deed held in company name.	17 January 2001	-
	1,658				

2.1(b) Capital work in progress

	As at 1 April 2022	Additions	Capitalisation / adjustments	As at 31 March 2023
Capital work in progress	4	39	-	43
	(45)	(41)	(81)	(4)

Note: 2

(Amount in Rupees Lacs unless otherwise stated)					
Capital work in progress	Amount in capital work in progress				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Projects in progress	39	-	-	-	39
Projects temporarily suspended (see note below)*	-	-	-	-	-
	-	-	-	-	4
	39	-	-	-	43
	-	-	(4)	-	-

Note : *Projects temporary suspended includes amount of Rs 4 lacs paid for soil testing for construction work on Noida plot, which has been temporarily suspended.

2.1(c) Intangible assets under development

	As at 1 April 2022	Additions	Capitalisation / adjustments	As at 31 March 2023
Intangible assets under development (see note 3 below)	42	38	42	38
	(5)	(62)	(25)	(42)

Note 3

(Amount in Rupees Lacs unless otherwise stated)

(Amount in Rupees Lacs unless otherwise stated)					
Intangible assets under development	Amount in capital work in progress				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Projects in progress	38	-	-	-	38
Projects temporarily suspended	-	-	-	-	(42)
	-	-	-	-	-

NUCLEUS SOFTWARE EXPORTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Amount in Rupees Lacs unless otherwise stated)												
2.3 Investment Property												
PARTICULARS	GROSS CARRYING AMOUNT				Deductions / adjustments (Note (i) & (ii))	As at 31 March 2023	As at 1 April 2022	Transfer from Property, plant and equipment	ACCUMULATED DEPRECIATION for the year	Deductions / adjustments (Note (i) & (ii))	NET CARRYING AMOUNT	
	As at 1 April 2022	Transfer from Property, plant and equipment	Additions	As at 31 March 2023							As at 31 March 2023	As at 31 March 2022
Tangible assets												
Leasehold Land	1,118 (1,118)	-	-	-	1,118 (1,118)	77 (64)	-	-	13 (13)	(2)	88 (77)	1,042 (1,055)
Buildings	410 (410)	-	-	-	410 (410)	93 (76)	-	-	17 (17)	-	110 (93)	317 (334)
Total	1,528	-	-	-	1,528	170	0	-	30	(2)	198	1,359
Previous year	(1,528)	-	-	-	(1,528)	(140)	-	-	(30)		(170)	(1,389)

Note :1

Investment Property	Gross carrying amount	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Held since	Reason for not held in company name
Leasehold Land	1,118	Nucleus Software Ltd	Title deed held in company name.	30 June 2008	-
Buildings	410	Nucleus Software Ltd	Title deed held in company name.	1 April 2010	-
Total	1,528				

Measurement of fair values

Particulars	Leasehold Land	Building	Total
At 31 March 2023	4,229	388	4,617
At 31 March 2022	3,664	380	4,044

There is no impairment as the fair value is greater than the carrying amount of Investment property as at 31 March 2023.

(i) Fair Value Hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There is no impairment as the fair value is greater than the carrying amount of the Investment Property.

(ii) Valuation Techniques

The method of valuation adopted, in the subject instance is Land and Building method under Cost Approach. In this approach value of the land is arrived by taking a survey of the micro market for transactions of similar land parcels in Whereas, value of the building is arrived by analyzing the cost of construction for similar structures. Necessary discounting is considered on building to account for loss in economic value due to depreciation. The value of land and building so arrived is summed to obtain value of the property.

Investment property comprises one property that was leased to external party and this lease cancelled in October 2022 . No contingent rents are charged.

This property has been transferred from property, plant and equipment (**see Note 1**) to investment property, since the building was no longer used by the Company and as such it was decided that the building would be leased to a

(iii) Amount recognised in the Statement of Profit and Loss :

Revenue from operation amounting to Rs 32 lacs (Previous year Rs 53 lacs) is on account of rental income from investment property during the year 31 March 2023 (see note 2.27). This is after taking in to account reversal of revenue of Rs. 6 lacs on account of reserve for lease equalization (Previous year 31 March 2022 Rs. 6 lacs).

Notes :

(i) Includes the effect of translation in respect of assets held by foreign subsidiaries

(ii) Some of the assets have been re-grouped during the year, based on the nature of assets.

(iii) Figures in bracket pertain to previous year ended 31 March, 2022/ 31 March 2021

(iv) As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

NUCLEUS SOFTWARE EXPORTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.2 Changes in right of use assets / lease liabilities

(a) Following are the changes in the carrying value of right of use assets for the year :

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Building	Lease hold land	Cars	Total	Building	Lease hold land	Cars	Total
Opening Balance	237	513	-	750	634	521	-	1,155
Additions	-	-	77	77	-	-	-	-
Addition for lease hold land	677	-	-	677	6	-	-	6
Amortisation	358	8	5	371	410	8	-	418
Translation Difference	8	-	-	8	7	-	-	7
Closing balance	564	505	72	1,141	237	513	-	750

The aggregate depreciation expense on right of use assets is included under depreciation and amortization expense in the consolidated statement of Profit and Loss Account.

(b) The following is the break-up of current and non-current lease liabilities :

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	239	186
Non-current lease liabilities	387	47
Total	626	233

(c) The following is the movement in lease liabilities :

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance	233	630
Additions	719	6
Finance cost accrued during the year	59	42
Payment of lease liabilities	(392)	(434)
Rent concession	(3)	(16)
Translation Difference	10	5
Closing balance	626	233

The table below provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than 1 year	285	197
Later than 1 year but not later than 5 years	428	48
More than 5 year	-	-
Total	713	245

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was Rs 130 lacs for the year ended 31 March 2023. (previous year March 2022 Rs 143 lacs)

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.4 A. NON-CURRENT INVESTMENTS (at cost)

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		As at 31 March 2023	As at 31 March 2022
- Non trade			
Investment in equity instruments (quoted)			
<i>Equity shares at FVOCI</i>			
250,000 (250,000) equity shares of Rs. 10 (Rs. 10) each, fully paid up, in Ujjivan Financial Services Limited		640	255
Investment in bonds (quoted)			
<i>Bonds securities at Amortised cost</i>			
a. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	-	528	
b. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142	
c. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131	
d. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	-	1,030	
e. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	-	540	
f. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47	
g. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	122	121	
h. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121	
i. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201	
j. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023		521	
k. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	106	106	
l. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160	
m. 8.63% National Housing Bank Tax Free Bond 2029	1,210	1,238	
n. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53	
o. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,170	1,201	
	3,463	6,140	
Investment in mutual funds (quoted)			
<i>Target maturity Funds at Amortised cost</i>			
a. ABSL CRISIL IBX Gilt Apr 2029 index Fund	1,800	-	
b. HDFC Nifty G-Sec Dec 2026 Index Fund	2,600	-	
c. ICICI Prudential Nifty G-Sec Dec 2030 Index Fund	1,800	-	
d. SBI CRISIL IBX GILT INDEX June 2036 Fund	1,300	-	
e. SBI CRISIL IBX Gilt Index - April 2029 Fund	2,200	-	
f. Tata CRISIL-IBX Gilt Index - April 2026 Index Fund	2,700	-	
	12,400	-	
Investment in mutual funds (unquoted)			
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>			
a. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,228	1,162	
b. Axis Banking and PSU Debt Fund - Growth-Direct	1,528	1,460	
c. DSP Banking & PSU Debt Fund - Growth- Direct	614	588	
d. HDFC Corporate Bond Fund - Growth-Direct	1,051	1,008	
e. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,411	1,333	
f. Kotak Bond Short Term Fund - Growth- Direct	1,215	1,164	
g. Nippon India Floating Rate Fund - Growth- Direct	3,409	3,451	
h. SBI Corporate Bond Fund - Growth- Direct	415	398	
i. Tata Short Term Bond Fund - Growth- Direct	2,520	2,404	
	13,391	12,968	
Aggregate amount of non current-investments		29,894	19,363
Aggregate amount of quoted investments		16,503	6,395
Aggregate market value of quoted investments		16,595	6,805
Aggregate amount of unquoted investments		13,391	12,968
Aggregate amount of impairment in value of quoted investments		-	-

B. Equity shares designated as at fair value through other comprehensive income

As at 1 April 2016, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that company intends to hold for long- term for strategic purpose

	Fair value as at 31 March 2023	Chang in fair value during the year ended 31 March 2023	Fair value as at 31 March 2022
Investment in Ujjivan Financial Services Limited	640	385	255
No strategic investments were disposed off during the year ended 31 March 2023 as well as in the previous year ended 31 March 2022 and there were no transfers of any cumulative gain or loss within equity relating to these investments.			

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		As at 31 March 2023	As at 31 March 2022
2.5	LOANS		
(a)	Loans and advances to employees		
	Loans Receivables considered good - Unsecured	25	19
		25	19
2.6	OTHER NON-CURRENT FINANCIAL ASSETS		
	(Unsecured considered good unless otherwise stated)		
(a)	Security deposits	242	129
(b)	Long-term bank deposits	2,566	1,020
		2,808	1,149
	[Long term bank deposits include Rs 6 lacs (31 March 2022 Rs 6 lacs) which are under lien]		
		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		As at 31 March 2023	As at 31 March 2022
2.7	INCOME TAX ASSETS (NET)		
	Balances with government authorities		
a.	Advance tax	1,039	1,624
		1,039	1,624
2.8	OTHER NON CURRENT ASSETS		
	(Unsecured, considered good)		
a	Capital advances	38	4
b	Employee advances	37	38
	Less: Provision for doubtful employee advances	37	-
		-	38
c.	Prepaid expenses	141	22
		179	64

2.9 Current investments - Non trade (At the lower of cost and fair value)

Name	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 March 2023	As at 31 March 2022
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
a. Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	699	661
b. Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	3,226	3,050
c. Axis Liquid Fund- Direct Plan- Growth	-	193
d. Axis Overnight Fund- Direct Plan- Growth	-	1,503
e. DSP Liquidity Fund - Direct Plan - Growth	-	125
f. DSP Low Duration Fund - Direct Plan - Growth	3,400	3,426
g. HDFC Ultra Short term Fund - Direct Plan - Growth	1,757	1,664
h. HDFC Money Market Fund - Direct Plan - Growth	2,377	2,248
i. ICICI Prudential Money Market Fund - Direct Plan - Growth	3,488	3,418
j. Kotak Money Market Scheme - Direct Plan - Growth	26	71
k. Kotak Overnight Fund - Direct Plan - Growth	-	3,127
l. Nippon India Arbitrage Fund - Direct Plan - Growth	1,429	1,352
m. Tata Arbitrage Fund- Direct Plan - Growth	340	322
n. Tata Treasury Advantage Fund - Direct Plan - Growth	650	619
o. UTI Arbitrage Fund - Direct Plan - Growth	577	1,862
p. UTI Liquid Cash Plan - Direct Plan - Growth	-	1,442
q. UTI Money Market Fund - Direct Plan - Growth	1,566	1,480
	19,535	26,563
Investment in bonds (quoted)		
a. 7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	-	1,018
b. 8.35 NHAI Tax Free Bonds 2023	510	-
c. 8.01% IIFCL Tax Free Bonds 2023	1,030	-
d. 8.23% IRFC Tax Free Bonds 2024	540	-
e. 8.51 HUDCO Tax Free Bond 2024	517	-
f. 7.21% Power Finance Corporation Tax Free Bonds 2022	-	513
	2,597	1,531
Investment in Preference Shares (quoted)		
17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	100	100
Less: Expected Credit Loss on investment	(100)	(100)
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Expected Credit Loss on investment	(501)	(501)
7.50% Tata Capital Ltd. (Pref. Shares - 2024)	500	500
	500	500
Aggregate amount of investments	22,632	28,594
Aggregate amount of quoted investments	3,097	1,013
Aggregate market value of quoted investments	3,340	2,055
Aggregate amount of unquoted investments	19,535	27,581
Aggregate amount of impairment in value of quoted investments	601	601

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars		(Amount in Rupees Lacs unless otherwise stated)					
		As at 31 March 2023	As at 31 March 2022				
2.10	CURRENT TRADE RECEIVABLES						
a.	Considered good - Unsecured	16,990	8,135				
	Credit impaired	103	58				
		17,093	8,193				
	Less: Provision for doubtful trade receivables	(103)	(58)				
		16,990	8,135				
b.	Trade receivables -Unbilled						
	Considered good - Unsecured	473	184				
	Less: Provision for doubtful trade receivables billed	64	91				
		537	275				
		(64)	(91)				
		473	184				
		17,463	8,319				
(Amount in Rupees Lacs unless otherwise stated)							
	Outstanding for following periods from due date of payment	As at 31 March 2023					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	15,822	1,139		(0)		16,961
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk						-
(iii)	Undisputed Trade Receivables – credit impaired		69				69
(iv)	Disputed Trade Receivables=considered good						-
(v)	Disputed Trade Receivables – which have significant increase in credit risk			29			29
(vi)	Disputed Trade Receivables – credit impaired			13	1	20	34
		15,822	1,208	42	1	20	17,093
	Less: Provision for doubtful trade receivables						(103)
	TRADE RECEIVABLES						16,990
	TRADE RECEIVABLES-Unbilled						473
							17,463
(Amount in Rupees Lacs unless otherwise stated)							
	Outstanding for following periods from due date of payment	As at 31 March 2022					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	7,459	676				8,135
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk						-
(iii)	Undisputed Trade Receivables – credit impaired			-			-
(iv)	Disputed Trade Receivables=considered good						-
(v)	Disputed Trade Receivables – which have significant increase in credit risk			33			33
(vi)	Disputed Trade Receivables – credit impaired		-	1	2	22	25
		7,459	676	34	2	22	8,193
	Less: Provision for doubtful trade receivables						(58)
	TRADE RECEIVABLES						8,135
	TRADE RECEIVABLES-Unbilled						184
							8,319
(Amount in Rupees Lacs unless otherwise stated)							
Particulars		As at 31 March 2023	As at 31 March 2022				
2.11	CASH AND CASH EQUIVALENTS						
a.	Cash on hand	0	-				
	- in current accounts	89	152				
	- in EEFC accounts	1,530	485				
	- in Escrow accounts	42	62				
b.	Balance with non scheduled banks in current accounts:						
	-Citibank, United Kingdom	8	6				
	-Citibank, U.A.E	31	23				
	-Citibank, Singapore	829	815				
	-PNC Bank, USA	31	29				
	-Citibank,USA	345	325				
	-Bank of Tokyo Mitsubishi, Japan	15	51				
	-Citibank, Japan	64	71				
	-Citibank, Australia	431	428				
	-Nedbank, South Africa	38	43				
	-Citibank, Netherlands	0	6				
c.	Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,596	1,079				
	Total - Cash and cash equivalents	5,049	3,575				
2.12	OTHER BANK BALANCES						
a.	Balances with scheduled banks in earmarked accounts:						
	- unclaimed dividend accounts	32	34				
b.	Balances with scheduled banks in deposit accounts with original maturity of more than 3 months :						
	- Maturity with in 12 months of the reporting date	30	1,991				
	Total - Other bank balances	62	2,025				
[Balance with scheduled banks in deposit accounts include Rs 29 lacs (31 March 2022 Rs 69 lacs) which are under lien]							
2.13	LOANS (Unsecured)						
	Loans and advances to employees						
	Loans Receivables considered good - Unsecured	50	18				
		50	18				
2.14	OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)						
a.	Security deposit	65	228				
b.	Mark-to-market gain on forward contracts	17	11				
c.	Expenses recoverable from customers	14	-				
		96	239				

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars		(Amount in Rupees Lacs unless otherwise stated)	
		As at 31 March 2023	As at 31 March 2022
2.15	OTHER CURRENT ASSETS		
	(Unsecured)		
a.	Service income accrued but not due		
	Unsecured		
	Considered good	1,379	1,736
	Credit impaired	227	387
		1,606	2,123
	Less : Provision for service income accrued but not due	(227)	(387)
		1,379	1,736
b.	Employee advances	20	-
c.	Prepaid expenses (considered good)	942	492
d.	Contract cost	17	19
e.	Balances with Government authorities (considered good)		
	- GST/ VAT credit receivable	33	61
f.	Others		
	- Supplier advances		
	'Considered good	591	447
	'Credit impaired	-	3
		591	450
	Less : Provision for doubtful advances	-	(3)
		591	447
g.	Deferred payroll	9	5
h.	Reserve for lease equalization	-	3
		2,991	2,763

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.16 SHARE CAPITAL

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 March 2023	As at 31 March 2022
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2022 - 41,100,000) equity shares of Rs. 10 each	4,110	4,110
Preference shares	400	400
4,000,000 (As at 31 March 2022 - 4,000,000) 11% redeemable non cumulative preference shares of Rs. 10 each	4,510	4,510
b. Issued, Subscribed and Paid-Up		
Issued		
26,776,124 (As at 31 March 2022 - 26,776,124) equity shares of Rs. 10 each	2,678	2,678
Subscribed and Paid-Up		
26,773,324 (As at 31 March 2022 - 26,773,324) equity shares of Rs. 10 each	2,677	2,677
	2,677	2,677

Refer notes (i) to (vi) below :-

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

Particulars	Opening balance	Extinguishment of equity shares during the year	Closing balance
a. For the year ended 31 March, 2023			
- Number of shares	26,773,324	-	26,773,324
- Amount (In Rupees)	267,733,240	-	267,733,240
b. For the year ended 31 March, 2022			
- Number of shares	29,040,724	(2,267,400)	26,773,324
- Amount (In Rupees)	290,407,240	(22,674,000)	267,733,240

(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) Number of shares held by promotor shareholders in the Company :-

Particulars	As at 31 March 2023			As at 31 March 2022		
	(Number)	(Percentage)	% Change during the year	(Number)	(Percentage)	% Change during the year
Karmayogi Holdings Private Limited	9,000,000	33.62%	0.00%	9,000,000	33.62%	2.63%
Madhu Dusad	3,066,248	11.45%	0.00%	3,066,248	11.45%	0.89%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	0.00%	2,385,882	8.91%	0.69%
Vishnu R Dusad	1,603,492	5.99%	0.00%	1,603,492	5.99%	0.47%
Ritika Dusad	1,000,000	3.74%	0.00%	1,000,000	3.74%	0.30%
Kritika Dusad	1,000,000	3.74%	0.00%	1,000,000	3.74%	0.30%
Yogesh Andlay	863,534	3.23%	0.00%	863,534	3.23%	0.26%
Nucleus Software Workshop Pvt Ltd	600,000	2.24%	0.00%	600,000	2.24%	0.17%
Naveen Kumar	72,952	0.27%	0.00%	72,952	0.27%	0.02%
Suman Mathur	23,758	0.09%	0.00%	23,758	0.09%	0.01%
Card Systems Pvt Ltd	2,310	0.01%	0.00%	2,310	0.01%	-0.03%

(iv) Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-

Particulars	31 March 2023		31 March 2022	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	33.62%	9,000,000	33.62%
Madhu Dusad	3,066,248	11.45%	3,066,248	11.45%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	2,385,882	8.91%
Vishnu R Dusad	1,603,492	5.99%	1,603,492	5.99%

(v) Details of forfeited shares

Particulars	As at 31 March 2023		As at 31 March 2022	
	(Number)	(Rupees)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

(vi) EMPLOYEES STOCK OPTION PLAN ("ESOP")

- Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.
- There are no options granted, forfeited and exercised during the year under ESOP Scheme 2015.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		As at	As at
		31 March 2023	31 March 2022
		(Rupees)	(Rupees)
2.17 OTHER EQUITY			
a. Capital reserve		89	89
b. Securities premium account		-	-
c. Capital Redemption reserve		561	561
d. General reserve		-	-
e. Retained Earnings		56,807	45,598
f. Other comprehensive Income		932	435
Total		58,389	46,683
		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		For the year ended	For the year ended
		31 March 2023	31 March 2022
a. Capital reserve			
Opening balance		89	89
Closing balance		89	89
b. Securities premium account			
Opening balance		-	100
Utilised for buyback premium		-	(100)
Closing balance		-	-
c. Capital Redemption reserve			
Opening balance		561	334
Addition during the year		-	227
Closing balance		561	561
d. General reserve			
Opening balance		-	661
Utilised for buy back of equity shares		-	(661)
Closing balance		-	-
e. Retained Earnings			
Opening balance		45,598	62,428
Add: Profit for the year		12,779	4,091
- Final dividend on equity shares [see note (i) below]		(1,874)	(1,742)
- Buyback of equity shares		-	(15,111)
- Tax on buyback of equity shares		-	(3,240)
- Remeasurement of the defined benefit plans, net		304	(828)
Closing balance		56,807	45,598
f. Other comprehensive Income			
Equity instrument through other comprehensive income		230	501
Add: Income for the year		385	(271)
		615	230
Foreign currency translation reserve			
Opening balance		197	158
Add: Addition during the year		107	39
Closing balance		304	197
Hedging reserve , net			
Opening balance		8	27
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year		5	(19)
Closing balance		13	8
		932	435
Closing balance		58,389	46,683

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(i) **Dividend**

The Board of Directors on 26 May 2023 have recommended a payment of Final Dividend of Rs. 10 per share (on equity share of par value of Rs.10 each) for the year ended 31 March 2023. The payment is subject to approval of shareholders at the ensuing AGM.

The Board of Directors on 17 May 2022 have recommended a payment of Final Dividend of Rs.7 per share (on equity share of par value of Rs.10 each) for the year ended 31 March 2022. The payment was approved by shareholders at the annual general meeting held on 8 July 2022. This dividend was paid on 20 July 2022.

The Board of Directors on 3 June 2021 have recommended a payment of Final Dividend of Rs. 6 per share (on equity share of par value of Rs.10 each) for the year ended 31 March 2021. The payment was approved by shareholders at the annual general meeting held on 23 July 2021. This dividend was paid on 28 July 2021. Such dividend payment by the company is in accordance with section 123 of the Companies Act 2013.

(ii) **Nature and purpose of other reserves**

Capital reserve

The Group had transferred forfeited ESOP application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium is used to record the premium on issue of shares and shall be utilised in accordance with the provisions of the Companies Act, 2013.

Hedging reserve

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital Redemption reserve

This reserve was created on account of a buy back of shares by the Company during the year ended 31 March 2017 and for the year ended 31 March 2022. A sum equal to the nominal value of the shares so purchased was transferred to capital redemption reserve. The reserve shall be utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency translation reserve

These comprise of all exchange difference arising from translation of financial statements of foreign operations.

Equity instrument through other comprehensive income

The Group has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within the equity. The group transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		As at 31 March 2023	As at 31 March 2022
2.18	OTHER FINANCIAL LIABILITIES-NON CURRENT		
	Security Deposit	-	28
		-	28
2.19	OTHER NON-CURRENT LIABILITIES		
	Deferred lease income on Security deposit received	-	3
		-	3
2.20	DEFERRED TAX LIABILITIES (NET)		

A. Amounts recognised in profit or loss

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
	Current tax	4,221	1,330
	Deferred tax	108	129
	Net tax expense	4,329	1,459
B. Income tax recognised in other comprehensive income			
	Remeasurements of net defined benefit plans	(102)	278
	Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(1)	6
	Income tax recognised in other comprehensive income	(103)	284

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

C. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

(Amount in Rupees Lacs unless otherwise stated)				
Particulars	Percentage	For the year ended 31st March 2023	Percentage	For the year ended 31st March 2022
Profit before tax		17,108		5,550
Computed tax expense	25.17%	4,306	25.17%	1,397
Effect of exempt non-operating income	-0.70%	(119)	-3.04%	(169)
Effect of non- deductible expenses	0.60%	103	8.16%	453
Taxes on income at different rates	-0.09%	(15)	-3.57%	(198)
Tax effect due to non taxable income for Indian tax purpose	-0.22%	(37)	-	-
Tax reversals, overseas and domestic	0.37%	64	-0.61%	(34)
Effect of subsidiaries different tax rates	0.16%	27	0.18%	10
Effective tax	25.30%	4,329	26.29%	1,459

2.20

DEFERRED TAX LIABILITIES (NET)

(Amount in Rupees Lacs unless otherwise stated)					
Particular	Opening As at 1 April 2022	Recognised [(Credited)/ Charge] in profit or loss during the year	Recognised [(Credited)/ Charge] in OCI during the year	MAT created /(utilised) during the year	As at 31 March 2023
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	373	183	(102)	-	454
Provision for doubtful trade receivables / loans and service income accrued but not due and others	201	15	-	-	216
Trade receivables, security deposit and loans at amortised cost	14	-	-	-	14
Lease liability	3	1	-	-	4
	591	199	(102)	-	688
b. Deferred tax liabilities					
Property, plant and equipment	(12)	79	-	-	67
Forward contracts	(3)	-	(1)	-	(4)
Investments	(614)	(390)	-	-	(1,004)
	(629)	(311)	(1)	-	(941)
Net Deferred tax Asset/(Liability)	(38)	(112)	(103)	-	(253)
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	53	(2)	-	-	51
Accruals and others	5	(1)	-	-	4
Net Deferred tax Asset/(Liability)	58	(3)	-	-	55
a. Deferred tax assets					
Brought forward losses	7	(7)	-	-	-
MAT credit entitlement	13	-	-	(13)	-
	20	(7)	-	(13)	-
b. Deferred tax liabilities					
Property, plant and equipment and Investment property	(27)	27	-	-	-
Rent Equilization reserve	-	-	-	-	-
	(27)	27	-	-	-
Net Deferred tax Asset/(Liability)	(7)	20	-	(13)	-
Total Deferred tax Asset/(Liability)	13	(95)	(103)	(13)	(198)

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 March 2023	As at 31 March 2022
2.21 NON CURRENT - PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	1,477	1,159
- Provision for gratuity	986	1,332
- Provision for asset retirement obligations	3	3
	2,466	2,494

2.22 TRADE PAYABLES		
Trade Payables (see note below)	-	-
-Total outstanding dues of micro enterprises and small enterprises (see note below)	313	318
-Total outstanding dues of creditors other than micro enterprises and small enterprises	915	1,109
Accrued expenses	1,228	1,427

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.

	As at 31 March 2023		As at 31 March 2022	
	Principal	Interest	Principal	Interest
Amount due to vendor	-	-	-	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

Outstanding for following period from due date	Not Due	As at 31 March 2023				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME		-				-
(ii) Others	311	2	-	-	-	313
(iii) Disputed dues MSME		-	-	-	-	-
(iv) Disputed dues others		-	-	-	-	-
Total	311	2	-	-	-	313
Accrued expenses						915
Total						1,228

Outstanding for following period from due date	Not Due	As at 31 March 2022				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME		-				-
(ii) Others	317	-	-	-	1	318
(iii) Disputed dues MSME		-	-	-	-	-
(iv) Disputed dues others		-	-	-	-	-
Total	317	-	-	-	1	318
Accrued expenses						1,109
Total						1,427

Relationship with the struck off companies

Transactions with struck off companies

Name of struck off company	Nature of Transaction	Transactions during the year 31 March 2023	Balance Outstanding as at 31 March 23	Transactions during the year 31 March 2022	Balance Outstanding as at 31 March 22
(i) Phonographic Performance Limited	Payables	2	-	-	-

2.23 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	32	34
b. Payable for purchase of fixed assets	-	21
c. Mark-to-market gain on forward contracts	-	-
d. Employee payable	3,248	4,119
	3,280	4,174
2.24 CURRENT PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	481	522
- Provision for asset retirement obligations	21	17
	502	539
2.25 CURRENT TAX LIABILITIES (NET)		
Provision for tax	1,234	35
	1,234	35
2.26 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	8,341	5,781
b. Deferred revenue	6,015	8,256
c. Other payables - statutory liabilities	2,462	1,362
d. Deferred lease income on Security deposit received	-	2
	16,818	15,401

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
2.27 REVENUE FROM OPERATIONS		
Software products and services		
- Sale of products	53,693	41,170
- Sale of services	9,721	8,496
Other revenue	32	53
	63,446	49,719

The Group primarily caters to customers in Banking and Financial Services sector. While the Group believes that it has offerings, which will have great value proposition for the customers ,the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers postponing their discretionary spend due to change in priorities

The Group has considered impact of the above reasons to the extent known and available currently. The Group has also taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations and based on the current estimate, it sees no material impact on the financial statements based on the current understanding.

Remaining performance obligation disclosure and contract balances

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, The Company has applied the practical expedient in Ind AS 115 and accordingly the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised meets the criteria as per the practical expedients and typically relate to time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, changes in currency rate etc).

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March 2023 , other than those meeting the exclusion criteria is Rs 10,361 Lacs out of which 50% is expected to be recognised as revenue in the next year and the balance thereafter.

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March 2022 , other than those meeting the exclusion criteria is Rs 6,133 Lacs out of which 25% is expected to be recognised as revenue in the next year and the balance thereafter..

Changes in contract assets (income accrued but not due) are as follows:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	2,123	1,736
Revenue recognised during the year	13,713	7,851
Invoices raised during the year	(14,263)	(7,840)
Translation exchange difference	128	87
Movement of contract assets	27	289
Impairment of a contract asset	(122)	
Balance at the end	1,606	2,123

Changes in contract liabilities (unearned and deferred revenue) are as follows:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	14,037	12,863
Revenue recognised during the year	(37,597)	(34,733)
Invoices raised during the year	37,964	35,506
Translation exchange difference	(78)	111
Other movement liability	30	290
Impairment of liability		
Balance at the end	14,356	14,037

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
2.28 OTHER INCOME		
a. Interest income on		
- Deposits with banks	194	154
- Tax free bonds	473	685
- Fixed maturity plan	-	33
- Target maturity fund	2	
- others	22	25
b. Interest income on Income tax refund	44	83
c. Dividend income from		
- Current, non trade investments	-	100
- Non-current, non trade investment	50	38
d. Net gain on sale of investments		
- Non-current, non trade investment	-	30
- Profit on Sale of Mutual Funds	100	65
e. MTM gain or (loss) on mutual funds		
- Current, non trade investments	1,361	1,335
- Non-current, non trade investment	630	551
f. - Gain / (Loss) on exchange fluctuation	378	129
- Gain / (Loss) on ineffective hedges (see note 2.32)		
g. Other non-operating income		
- Net profit on sale of property, plant and equipment	36	12
- Premium on Forward Contracts	103	169
- Deferred lease income on Security deposit received	1	2
- Miscellaneous income	12	55
	3,406	3,466
2.29 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	35,952	36,555
b. Contribution to provident and other funds	2,258	1,856
c. Gratuity expense	596	451
d. Staff welfare expenses	593	547
	39,399	39,409

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		(Amount in Rupees Lacs unless otherwise stated)	
Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
2.30 OPERATING AND OTHER EXPENSES			
a. Outsourced technical service expense		456	385
b. Cost of software purchased for delivery to clients		63	103
c. Power and fuel		299	272
d. Rent (see note 2.2)		130	143
e. Repair and maintenance			
- Buildings		71	74
- Others		377	348
f. Insurance		152	48
g. Rates and taxes		22	123
h. Travel expenses		833	105
i. Advertisement, business development and promotion		143	107
j. Legal and professional (see note 2.34)		1,419	1,609
k. Directors remuneration		243	167
l. Conveyance		54	42
m. Communication		155	156
n. Training and recruitment		455	325
o. Conference, exhibition and seminar		248	13
p. Information technology expenses		2,543	1,847
q. Written off and allowance/Provision for doubtful trade receivables/advances/other current assets		46	82
r. Withholding tax charged off		298	312
s. Commission to channel partners		70	47
t. Expenditure on Corporate Social Responsibility (see note 2.43)		175	203
u. Miscellaneous expenses		118	96
		8,370	6,607
Note :			
Directors Remuneration includes :			
Non Executive Directors			
a. Commission		148	40
b. Sitting fees		96	127
		244	167
2.31 FINANCE COST			
a. Bank charges		42	37
b. Unwinding of discount (discounting)-security deposit (received)		1	2
c. Interest expense on lease liability		59	42
		102	81

2.32 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2023 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	(Amount in Rupees Lacs unless otherwise stated)		
						Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	5,049	-	-	5,049	5,049	-	-	-
Other bank balances (2.12)	62	-	-	62	62	-	-	-
Investments (2.4 and 2.9)	-	-	-	-	-	-	-	-
Equity Instruments	-	-	640	640	640	-	-	-
Tax free bonds	6,060	-	-	6,060	6,396	-	6,396	-
Mutual funds (other than FMPs)	-	32,926	-	32,926	32,926	-	-	-
Target maturity funds (TMFs)	12,400	-	-	12,400	12,399	-	-	-
Preference shares	500	-	-	500	500	-	-	-
Trade receivables (2.10)	17,463	-	-	17,463	17,463	-	-	-
Loans (2.5 and 2.13)	75	-	-	75	75	-	-	-
Other financial assets (2.6 and 2.14)	2,887	-	17	2,904	2,904	-	-	-
	44,496	32,926	657	78,079	78,414	52,221	-	-
Liabilities:								
Trade payables (2.22)	1,228	-	-	1,228	1,228	-	-	-
Lease liabilities	626	-	-	626	626	-	-	-
Other financial liabilities (2.18 and 2.23)	3,280	-	-	3,280	3,280	-	-	-
	5,134	-	-	5,134	5,134	-	-	-

The carrying value and fair value of financial instruments by categories of 31 March 2022 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	3,575	-	-	3,575	3,575	-	-	-
Other bank balances (2.12)	2,025	-	-	2,025	2,025	-	-	-
Investments (2.2 and 2.9)	-	-	-	-	-	-	-	-
Equity Instruments	-	-	255	255	255	-	-	-
Tax free bonds	7,672	-	-	7,672	8,105	-	8,105	-
Mutual funds (other than FMPs)	-	39,530	-	39,530	39,530	-	-	-
Preference shares	500	-	-	500	500	-	-	-
Trade receivables (2.10)	8,319	-	-	8,319	8,319	-	-	-
Loans (2.5 and 2.13)	38	-	-	38	38	-	-	-
Other financial assets (2.6 and 2.14)	1,377	-	11	1,388	1,388	-	-	-
	23,505	39,530	266	63,301	63,735	48,135	-	-
Liabilities:								
Trade payables (2.22)	1,427	-	-	1,427	1,427	-	-	-
Lease liabilities	233	-	-	233	233	-	-	-
Other financial liabilities (2.18 and 2.23)	4,202	-	-	4,202	4,202	-	-	-
	5,862	-	-	5,863	5,863	-	-	-

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities, other bank balances and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of non-current trade receivables, long term loan, non-current security deposit and non-current financial liabilities were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.
- the fair value of remaining financial instruments is determined using discounted cash flows method.

Reconciliation table : Level 3 Investments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening balance	-	2,229
Purchases	-	-
Reclassification from amortised cost to FVTPL	-	-
Net change in Fair Value (recognized in profit or loss)	-	(2,229)
Closing balance	-	-

b) Financial risk management

The Group's activities expose it to a variety of financial risks arising from financial instruments

- Market risk,
- Credit risk and
- Liquidity risk

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

1) Market risk

a) Currency risk

The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The Group's risk management policy is to hedge 30% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The year end foreign currency exposures are given below :

Currency	As at 31 March 2023		As at 31 March 2022	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	64	5,008	57	4,285
EUR	2	186	1	123
MYR	2	45	15	277
SGD	0	0	3	161
AED	5	115	9	188
CHF	0	4	0	4
GBP	1	114	1	119
AUD	2	97	13	711
SAR	0	0		
PHP	1	41	1	2
Pavable				
USD	1	54	1	81
MYR	1	24	1	10
GBP	0	5	0	12
SGD	1	36	3	168
AED	0	6	1	11
JPY	-	-	72	45
AUD	0	5	3	186
PHP	1	2	7	10
IDR	69	0	467	2

For the year ended 31 March 2023 and 31 March 2022, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Group's total comprehensive income by Rs.548 lacs and Rs. 535 lacs respectively.

'Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

b) Price risk

(a) Exposure

The Group's exposure to equity securities and Mutual funds price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

(b) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds and equity instruments (other than subsidiaries) at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		(Amount in Rupees Lacs unless otherwise stated)	
	Impact on other components of equity			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Increase 2%				
Mutual funds	659	791		-
Equity instruments (other than subsidiaries)			13	5
Decrease 2%				
Mutual funds	(659)	(791)		-
Equity instruments (other than subsidiaries)			(13)	(5)

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Forward contracts	Forward contract outstanding	Buy/Sell	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees
			31 March 2023	31 March 2023	31 March 2022	31 March 2022
	In USD (Amount in USD lacs)	Sell	33	2,671	35	2,615

The foreign exchange forward contracts mature within six months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance sheet date

Particulars	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees
	31 March 2023	31 March 2023	31 March 2022	31 March 2022
Not later than one month	5	411	8	568
Later than one month and not later than three months	13	1,027	12	909
Later than three months and not later than one year	15	1,233	15	1,137

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following table provides the reconciliation of cash flow hedge reserve for the year ended 31 March 2023.

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash flow hedge- Foreign exchange risk

Year ended 31 March 2023	Year ended 31 March 2022
6	(25)
-	-
(100)	113

Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net
Hedge ineffectiveness recognised in profit or (loss)
Amount reclassified from cash flow hedging reserve to profit or (loss)

The following table provides quantitative information about offsetting of derivative financial assets:

Particulars

As at 31 March 2023	As at 31 March 2022
17	11
17	11

Gross amount of recognized financial asset/ (financial liabilities)

Net amount presented in balance sheet

ii) Credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 17,463 lacs and Rs. 8,319 lacs as of 31 March 2023 and 31 March 2022 respectively and unbilled revenue/income accrued but not due amounting to Rs. 1,379 lacs and Rs. 1,736 lacs as of 31 March 2023 and 31 March 2022 respectively. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group has adopted the simplified approach to estimate expected credit loss based on historical credit loss experience and forward looking estimates of external and internal credit risk factors such as Group's historical experience for customers. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

	Year ended 31 March 2023	Year ended 31 March 2022
Particulars	(in %)	(in %)
Revenue from top customer	6.90%	5.51%
Revenue from top five customers	26.80%	24.60%

Credit risk exposure

a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2023 is Rs. 47 lacs and for the year ended 31 March 2022 was Rs. 27 lacs.

	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	58	151
Impairment loss recognised/ reversed	47	27
Amounts written off	(2)	(120)
Balance at the end	103	58

b) The lifetime expected credit loss on income accrued but not due / unbilled revenue for the period ended 31 March 2023 is Rs. (37 lacs) and for the year ended 31 March 2022 was Rs. (13 lacs).

	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	387	408
Impairment loss recognised/ reversed	(37)	(13)
Amounts written off	(122)	(8)
Balance at the end	228	387

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, quoted bonds issued by government, preference shares.

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2023

(Amount in Rupees Lacs unless otherwise stated)

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	(Amount in Rupees Lacs unless otherwise stated)	
					Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	3,463	0%	-	3,463
		Loans to employee	25	0%	-	25
		Security deposits	242	0%	-	242
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit-impaired	Investment at amortised cost	601	100%	(601)	-

As at 31 March 2022

(Amount in Rupees Lacs unless otherwise stated)

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	6,140	0%	-	6,140
		Loans to employee	19	0%	-	19
		Security deposits	129	0%	-	129
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Investment at amortised cost	601	100%	(601)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2023

(Amount in Rupees Lacs unless otherwise stated)

[illegible]

As at 31 March 2022

(Amount in Rupees Lacs unless otherwise stated)

[illegible]

c) Expected credit loss for Service income accrued but not due under simplified approach

As at 31 March 2023						
Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,017	76	96	65	351	1,606
Expected credit losses (Loss allowance provision)	-	-	-	-	227	227
Carrying amount of trade receivables (net of impairment)	1,017	76	96	65	125	1,379

As at 31 March 2022						
Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,381	184	34	54	470	2,123
Expected credit losses (Loss allowance provision)	-	-	-	-	387	387
Carrying amount of trade receivables (net of impairment)	1,381	184	34	54	82	1,736

iii) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March, 2023 the Group had a working capital of Rs 24,882 lacs including cash and cash equivalent of Rs. 5,049 lacs and current investment of Rs. 22,632 lacs (31 March 2022 Rs. 23,770 lacs including cash and cash equivalents of Rs 3,575 lacs and current investments of Rs. 28,594 lacs). A substantial portion of the current investments are classified as Level 1 and their fair value is marked to an active market, and material volatility is not expected. Further, the cash and cash equivalents, bank deposits and earmarked balances are with banks where the Group has assessed the counterparty credit risk.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2023:

(Amount in Rupees Lacs unless otherwise stated)			
Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,228	-	1,228
Lease Liability	239	387	626
Other financial liabilities	3,280	-	3,280

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2022:

(Amount in Rupees Lacs unless otherwise stated)			
Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,427	-	1,427
Lease Liability	186	47	233
Other financial liabilities	4,174	28	4,202

c) Capital Management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- Maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business, The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Group monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies, The Group is not subject to externally imposed capital requirements.

(i) Risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

(ii) Dividends

(Amount in Rupees Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Equity Shares		
(i) Final dividend of Rs 7 per share (Previous year Rs 6 per share) (On equity share of Rs 10 each) (see note 2.17 (i))	1,874	1,742
(ii) Dividends not recognised at the end of reporting period (see note 2.17 (i))	2,677	1,874

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.33 Contingent liabilities & commitments (to the extent not provided for) **(Amount in Rupees Lacs unless otherwise stated)**

Particulars	As at 31 March 2023	As at 31 March 2022
a. Contingent liabilities	592	42
Notes : As on 31st March 2023, claims against the company not acknowledged as debts in respect of income tax matters amounted to Rs 592 lacs. (Previous Year As on 31st March 2022 was Rs. 42 lacs) The claims against the company represent demands for various tax matters and pending before tax Appellate Authorities. The management is of the view that these claims are likely to be settled in company's favour.		
b. Capital Commitments	333	1,102
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).		
c. Other Commitments		
i	The Company is committed to provide financial support to its subsidiary companies, as and when required.	
ii	The Group does not have any pending litigations which would impact its financial position.	
ii	The Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	

2.34 Auditors Remuneration (excluding tax) **(Amount in Rupees Lacs unless otherwise stated)**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. As auditors - statutory audit and quarterly audits (refer note below)	68	101
b. For other services	2	6
c. Reimbursement of expenses	2	5
	72	112
Note: Includes payment to other auditors Rs 31 lacs (previous year ended 31 March 2022 Rs 24 lacs)		

2.35 Earnings per share

a.	Profit after taxation available to equity shareholders (Rupees in lacs)	12,779	4,091
b.	Weighted average number of equity shares used in calculating basic earnings	26,773,324	28,643,152
c.	Effect of dilutive issue of shares	-	-
d.	Weighted average number of equity shares used in calculating diluted earnings per share	26,773,324	28,643,152
e.	Basic earnings per share (Rupees)	47.73	14.28
f.	Diluted earnings per share (Rupees)	47.73	14.28

2.36 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Anuraq Mantri (Whole time Director w.e.f 23 July 2021) and CFO w.e.f 11 December 2020
- Poonam Bhasin (Company Secretary)
- Parag Bhise (Whole time Director) (w.e.f 16 March 2020) and CEO w.e.f 1 April 2021
- Ms Ritika Dusad (Non executive Director up to 6 August 2020) (Additional Whole time Director w.e.f 7 August 2020)
- Prithvi Pal Singh Haldea (Non Executive Director)
- Prof. Trilochan Sadhu Sastry (Non Executive Director)
- Elaine Mathias (Non Executive Director)
- Siddhartha Mahavir Acharya (Non Executive Director)
- Yasmin Javeri Krishan (Director, Subsidiary Company) (w.e.f 22 February, 2016) and (Additional Non Executive Director w.e.f 30 July 2020)
- Thomas Zachariah (Director, Subsidiary Company)
- Mark McCoy (Director, Subsidiary Company)

Others :

Enterprise over which KMP or Directors are able to exercise significant influence

- Praxis Consulting and Information services Pvt Ltd (Entity in which Non Executive Director is interested)
- Indiafarm Foods Private Limited (Entity in which Non Executive Director is interested)
- Nucleus Software Foundation (Entity in which relatives of KMPs are trustees) (see note 2.43)

(Amount in Rupees Lacs unless otherwise stated)		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	701	686
Contribution to provident and other funds	33	29
	734	715
Note : Above employee benefits includes charge taken from subsidiary company Nucleus Software Solutions Pte. Ltd. for services by Whole time Director and CFO)		
b. Remuneration to other Non Executive Directors		
- Commission	148	40
- Sitting fees	96	127
	244	167
c. Expenditure on Corporate Social Responsibility		
- Nucleus Software Foundation	175	203
	175	203
d. Legal and professional		
-Praxis Consulting and Information services Pvt Ltd	5	5
	5	5
e. Miscellaneous expenses		
- Indiafarm Foods Private Limited	16	17
	16	17
Outstanding balances As at year end		
a. Remuneration to Non Executive Directors		
- Commission payable	148	40
	148	40

Terms and conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

2.37 Research and development expenditure

Research and development expense recognised in the statement of profit and loss account for the year ended 31 March 2023 Rs 2,433 lacs (Previous year 31 March 2022 Rs 3,556 lacs).

[illegible]

Revenue from top customers, who are contributing more than 10% of total revenue, are presented segmentwise as follows:

For the year ended 31 March 2023

(Amount in Rupees Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

For the year ended 31 March 2022

No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-
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Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March 2023

(Amount in Rupees Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	13,138	1,171	2,697	503	1,628	553	74	862	20,626
Unallocated corporate assets									66,792
Total assets									87,418
Segment liabilities	9,290	745	4,748	308	2,361	468	1,776	1,172	20,868
Unallocated corporate liabilities									5,484
Total liabilities									26,352
Capital employed									61,066

b. As at 31 March 2022

(Amount in Rupees Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,861	566	2,539	383	780	1,576	715	532	10,952
Unallocated corporate assets									62,742
Total assets									73,694
Segment liabilities	8,005	455	5,163	521	3,119	800	2,407	908	21,378
Unallocated corporate liabilities									2,956
Total liabilities									24,334
Capital employed									49,360

A listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

a. For the year ended 31 March 2023

(Amount in Rupees Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	1,051	10	8	-	-	-	-	-	1,069
Total capital expenditure									1,069
Depreciation and amortisation expenditure	1,739	12	123	-	-	-	-	0	1,873
Total depreciation									1,873
Segment non-cash expense other than depreciation	34	148	25	-	43	49	-	45	344
Total non cash expenditure other than depreciation	34	148	25	-	43	49	-	45	344

b. For the year ended 31 March 2022

(Amount in Rupees Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	2,422	126	315	-	-	-	-	-	2,862
Total capital expenditure									2,862
Depreciation and amortisation expenditure	1,356	60	122	-	-	-	-	0	1,538
Total depreciation									1,538
Segment non-cash expense other than depreciation	50	184	63	1	29	65	(0)	2	394
Total non cash expenditure other than depreciation	50	184	63	1	29	65	(0)	2	394

Information in respect of secondary segment

Information for business segments

(Amount in Rupees Lacs unless otherwise stated)			
Description	Products	Software projects and services	Total
a. For the year ended 31 March 2023			
Revenue	53,693	9,753	63,446
Carrying amount of segment assets	17,455	3,171	20,626
b. For the year ended 31 March 2022			
Revenue	41,170	8,549	49,719
Carrying amount of segment assets	9,069	1,883	10,952

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.39 Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(A) Revenues by geography*

a (i) For the year ended 31 March 2023

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	33,029	2,315	9,734	3,237	7,529	1,460	1,831	4,311	63,446

a (ii) For the year ended 31 March 2022

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	21,550	2,512	8,864	3,300	6,688	1,797	1,941	3,067	49,719

* Disclosure relating to revenues by geography has been made with respect to location of customers.

(B) Revenues in products and services *

Description	(Amount in Rupees Lacs unless otherwise stated)		
	Products	Other services	Total
a. For the year ended 31 March 2023 Revenue	53,693	9,753	63,446
b. For the year ended 31 March 2022 Revenue	41,170	8,549	49,719

* Revenue from product comprises of revenue generated from company's own developed software and from third party software supplied along with own software. It also includes services such as enhancements to the product, maintenance of the product and any other related service on the product. Revenue other than the above is categorized under revenue from other services.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.40 Employee Benefit Obligations

Defined contribution plans

An amount of Rs 1,852 lacs for the year ended 31 March, 2023 (Year ended 31 March, 2022 Rs. 1,572 lacs), have been recognized as an expense in respect of Group's contribution towards Provident Fund and Rs. 3 lacs (Year ended 31 March, 2022 Rs. 4 lacs) has been recognised as an expense in respect of Employee State Insurance Fund & Rs 253 lacs year ended 31 March 2023 (Year ended 31 March 2022 Rs 167 lacs) has been recognized as an expense in respect of National Pension scheme and has been shown under Employee Benefits expense in the Consolidated statement of Profit and Loss.

In relation to the judgement of the Honourable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Pending further clarity, the Group had, based on this judgement, paid Rs 21 lacs during the year ended 31 March 2020 in respect of the year ended 31 March 2019. Further, with effect from 1 April 2019, the Group has aligned its salary structure in accordance with the (SC) judgement.

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. 20 lacs 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 compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date 31 March 2023.

The Company had made contributions to Nucleus Software Export 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 2023 :

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 March 2023	As at 31 March 2022
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	5,115	3,985
Current service cost	522	448
Past service cost	-	-
Interest cost	269	230
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	(323)	251
Actuarial loss/(gain) arising from change in demographic assumptions	144	(82)
Actuarial loss/(gain) arising on account of experience changes	(168)	950
Benefits paid	(494)	(667)
Obligation at year end	5,065	5,115
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,783	3,834
Expected return on asset plan	195	227
Contributions by employer	536	376
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	59	13
Benefits paid	(494)	(667)
Plan assets at year end, at fair value	4,079	3,783
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,065	5,115
Fair value of plan assets	4,079	3,783
Funded status- Surplus/ (Deficit)	(986)	(1,332)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(986)	(1,332)
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		
	(Amount in Rupees Lacs unless otherwise stated)	
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	522	448
Past service cost	-	-
Interest cost	74	3
Net gratuity cost	596	451

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

f. Remeasurements income recognised in other comprehensive income:

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gain) loss on defined benefit obligation	(347)	1,119
Return on plan assets excluding interest income	(59)	(13)
	(406)	1,106

Actuarial assumptions for gratuity and long-term compensated absences

g. Economic assumptions :

	As at 31 March 2023	As at 31 March 2022
Discount rate	7.35%	6.00%
Salary escalation rate	12% until year 1 inclusive, then 10%	12% until year 1 inclusive, then 10%

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 return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

h. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)

i. Withdrawal rates

Ages - Withdrawal Rate (%)	
21-50 years - 16%	21-50 years - 25%
51-54 years - 8%	51-54 years - 4%
55-57 years - 8%	55-57 years - 1%

j. Category of asset

Insurer Managed Funds	4,079	3,783
The Group does not invest directly in any property occupied by the Group nor in financial security issued by the Group.		

k. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Particulars :	Year ended 31 March 2023		Year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(128)	142	(101)	109
	-	-		
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	79	(76)	68	(67)

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.41 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

The Group has provided following function wise results of operations on a voluntary basis.
The Management has presented below function wise results because it also monitor its performance and it believe that this information is relevant to understanding Group financial performance.

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	Year ended 31 March 2023	Year ended 31 March 2022
Income from software product and services	63,446	49,719
Software development expenses *	40,529	38,671
Gross Profit	22,917	11,048
Selling and marketing expenses	2,146	2,018
General and administration expenses	5,196	5,408
Operating profit before depreciation	15,575	3,622
Depreciation and amortisation expense	1,873	1,538
Operating profit after depreciation	13,702	2,084
Other income	3,406	3,466
Profit before tax	17,108	5,550
Tax expense:		
Net current tax expense	4,221	1,330
Net deferred tax credit	108	129
	4,329	1,459
Profit for the year	12,779	4,091

* Includes indirect expenses which have been allocated on a reasonable basis.

2.42 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount in INR Lacs	As % of consolidated net assets	Amount in INR Lacs	As % of consolidated profit or loss
Holding Company				
Nucleus Software Exports Limited	58,789	96%	13,037	102%
Domestic Subsidiary				
1. Nucleus Software Ltd.	936	2%	(38)	0%
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	371	1%	(6)	0%
2. Nucleus Software Australia Pty. Limited	444	1%	16	0%
3. Nucleus Software Netherlands B.V.	(1)	0%	(5)	0%
4. Nucleus Software Japan K.K	358	1%	(57)	0%
5. Nucleus Software Solutions Pte. Ltd, Singapore	1,170	2%	(316)	-2%
6. Nucleus Software South Africa Pty. Ltd.	36	0%	(2)	0%
Adjustment arising out of consolidation	(1,036)	-2%	150	1%
Nucleus Software Exports Limited (Consolidated)	61,066		12,779	

Name of the entity in the	Share in Other comprehensive Income (net of taxes)		Share in Total comprehensive Income	
	Amount in INR Lacs	As % of consolidated other comprehensive Income	Amount in INR Lacs	As % of consolidated Total comprehensive Income
Holding Company				
Nucleus Software Exports Limited	694	87%	13,731	101%
Domestic Subsidiary				
1. Nucleus Software Ltd.	-	-	(38)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	-	-	(6)	0%
2. Nucleus Software Australia Pty. Limited	-	-	16	0%
3. Nucleus Software Netherlands B.V.	-	-	(5)	0%
4. Nucleus Software Japan K.K	-	-	(57)	0%
5. Nucleus Software Solutions Pte. Ltd, Singapore	-	-	(316)	-2%
6. Nucleus Software South Africa Pty. Ltd.	-	-	(2)	0%
Non-controlling Interests in all subsidiaries	107	13%	107	1%
Nucleus Software Exports Limited (Consolidated)	801		13,580	

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.43 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	Year ended 31 March 2023	Year ended 31 March 2022
a. Gross amount required to be spent by Group during the year ended 31 March, 2023 / 31 March, 2022 :	175	203
b. Amount approved by the Board to be spent during the year	175	203
c. Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset		
- Contribution paid to Nucleus Software Foundation	175	203
d. Shortfall at the end of the year	-	-
e. Total of previous year short fall	-	-
f. Reason for shortfall	NA.	NA.
g. Nature of CSR contribution	(Education, Health and Medical care , Community at large and Environment)	
h. Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.		
- Contribution paid to Nucleus Software Foundation	175	203

2.44 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Holding Company or any such subsidiaries (Ultimate Beneficiaries). The Company or any such subsidiary has not received any fund from any party(s) (Funding Party) with the understanding that the Company or any such subsidiary shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

As per our report of even date attached

For ASA & Associates LLP

Chartered Accountants
Firm Registration Number : 009571N/N500006

PARVEEN KUMAR Digitally signed by
Parveen Kumar
Date: 2023.05.26
18:03:59 +05'30'

Parveen Kumar

Partner

Membership number : 088810

Place : New Delhi
Date : 26 May 2023

**For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED**

Vishnu Rampratap Dusat Digitally signed by
Vishnu Rampratap Dusat
Date: 2023.05.26
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VISHNU R DUSAD

Managing Director

DIN : 00008412

ANURAG MANTRI Digitally signed by
Anurag Mantri
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ANURAG MANTRI
Chief Financial Officer &
Whole-time Director
DIN : 9002894

Place : Noida
Date : 26 May 2023

PARAG BHISE Digitally signed by
Parag Bhise
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PARAG BHISE

CEO & Whole-time
Director
DIN : 8719754

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POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Annexure - A to the Independent Auditors' Report of Even Date on the Consolidated Financial Statements of the Nucleus Software Exports Limited

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

In conjunction with our audit of the consolidated financial statements of The Nucleus Software Exports Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and



appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, and its subsidiary company, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal financial control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006

**PARVEEN
KUMAR**

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PARVEEN KUMAR
Date: 2023.05.26
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Parveen Kumar

Partner

Membership No. 088810



UDIN: 23088810BGTOPW3837

Place: New Delhi

Date: May 26, 2023