NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Notes Ref.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
		(JPY)	(JPY)	(JPY)	(Rupees)	(Rupees)	(Rupees)
ASSETS							
Non-current assets							
Property, plant and equipment	2.1	136,863	475,736	2,839,311	84,184	275,928	1,674,910
Other Intangible assets	2.1	13,914	41,360	78,196	8,559	23,989	46,128
Financial assets							
Other financial assets	2.2	10,920,792	11,897,561	11,079,038	6,717,379	6,900,585	6,535,525
Deferred tax asset	2.3	180,000	170,242	112,687	110,718	98,740	66,474
Other non-current assets	2.4	1,253,481	95,736	668,586	771,016	55,527	394,399
		12,505,050	**12,680,635**	**14,777,818**	**7,691,856**	**7,354,769**	**8,717,435**
Current Assets							
Financial assets							
Trade receivables	2.5	79,512,354	46,366,126	88,984,159	48,908,049	26,892,353	52,491,755
Cash and cash equivalents	2.6	69,486,987	57,563,643	12,631,649	42,741,446	33,386,913	7,451,410
Other current assets	2.7	26,738,904	22,500,646	23,997,474	16,447,100	13,050,375	14,156,109
		175,738,245	**126,430,415**	**125,613,282**	**108,096,595**	**73,329,641**	**74,099,275**
Total Assets		**188,243,295**	**139,111,050**	**140,391,100**	**115,788,451**	**80,684,410**	**82,816,710**
EQUITY & LIABILITIES							
EQUITY							
Equity Share capital	2.8	10,000,000	10,000,000	10,000,000	6,151,000	5,800,000	5,899,000
Other equity	2.9	90,014,852	63,598,100	36,225,658	55,368,136	36,886,899	21,369,515
		100,014,852	**73,598,100**	**46,225,658**	**61,519,136**	**42,686,899**	**27,268,515**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Other non-current liabilities	2.10	**500,000**	**492,474**	**449,748**	**307,550**	**285,635**	**265,308**
Current liabilities							
Financial liabilities							
Trade payables	2.11	42,663,474	51,287,151	62,067,005	26,242,302	29,746,547	36,613,326
Other current liabilities	2.12	34,615,446	6,890,703	30,766,373	21,291,961	3,996,608	18,149,083
Current tax liabilities (net)	2.13	10,449,523	6,842,622	882,316	6,427,502	3,968,721	520,478
		87,728,443	**65,020,476**	**93,715,694**	**53,961,765**	**37,711,876**	**55,282,887**
TOTAL EQUITY AND LIABILITIES		**188,243,295**	**139,111,050**	**140,391,100**	**115,788,451**	**80,684,410**	**82,816,710**

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

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Sd/-
VISHNU R DUSAD
Director

Sd/-
RAVI PRATAP SINGH
Director

Place : NOIDA
Date : May 03, 2018

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018 (JPY)	Year ended 31 March 2017 (JPY)	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
1. REVENUE FROM OPERATIONS					
Sales and services	2.14	522,973,553	475,785,979	304,893,581	294,511,521
2. OTHER INCOME	2.15	595,474	618,027	347,161	382,558
3. TOTAL REVENUE (1+2)		**523,569,027**	**476,404,006**	**305,240,742**	**294,894,079**
4. EXPENSES					
a. Employee benefits expenses	2.16	219,878,146	218,997,856	128,188,959	135,559,673
b. Operating and other expenses	2.17	257,687,645	215,490,997	150,231,897	133,388,927
c. Finance cost	2.18	464,866	333,284	271,017	206,303
d. Depreciation and amortisation expense	2.1	424,375	2,400,411	247,411	1,485,854
TOTAL EXPENSES		**478,455,032**	**437,222,548**	**278,939,284**	**270,640,757**
5. PROFIT BEFORE TAX (3-4)		**45,113,995**	**39,181,458**	**26,301,458**	**24,253,322**
6. TAX EXPENSE					
a. Current tax expense		18,707,001	11,866,571	10,906,182	7,345,406
b. Deferred Tax Expenses		(9,758)	(57,555)	(5,689)	(35,627)
NET CURRENT TAX EXPENSE		**18,697,243**	**11,809,016**	**10,900,493**	**7,309,779**
7. PROFIT FOR THE YEAR (5-6)		**26,416,752**	**27,372,442**	**15,400,965**	**16,943,543**
8. OTHER COMPREHENSIVE INCOME					
Items that will be reclassified to profit or loss					
Currency Translation reserve		-	-	3,080,271	(1,426,159)
9. TOTAL COMPREHENSIVE INCOME (7+8)		**26,416,752**	**27,372,442**	**18,481,236**	**15,517,384**
10. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic		132,084	136,862	77,005	84,718
b. Diluted		132,084	136,862	77,005	84,718
Number of shares used in computing earnings per share					
a. Basic		200	200	200	200
b. Diluted		200	200	200	200

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Sd/-	**Sd/-**
VISHNU R DUSAD	**RAVI PRATAP SINGH**
Director	Director

Place : NOIDA
Date : May 03, 2018

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in JPY)

Balance as of 1 April 2017	Changes in equity share capital during the year	Balance as on 31 March 2018
10,000,000	-	10,000,000

(Amount in JPY)

Balance as of 1 April 2016	Changes in equity share capital during the year	Balance as on 31 March 2017
10,000,000	-	10,000,000

(Amount in Rupees)

Balance as of 1 April 2017	Changes in equity share capital during the year	Balance as on 31 March 2018 (refer note below)
5,800,000	-	6,151,000

(Amount in Rupees)

Balance as of 1 April 2016	Changes in equity share capital during the year	Balance as on 31 March 2017 (refer note below)
5,899,000	-	5,800,000

Note: There has been no change in equity share capital during the year but closing balances have been restated due to translation from JPY to Rupees

B. Other Equity

(Amount in JPY)

	Reserves and Surplus	Total
	Retained earnings	
Balance as of 1 April 2017	**63,598,100**	**63,598,100**
Profit for the year	26,416,752	26,416,752
Balance as of 31 March 2018	**90,014,852**	**90,014,852**

(Amount in JPY)

	Reserves and Surplus	Total
	Retained earnings	
Balance as of 1 April 2016	36,225,658	36,225,658
Profit for the year	27,372,442	27,372,442
Balance as of 31 March 2017	**63,598,100**	**63,598,100**

(Amount in Rupees)

	Reserves and Surplus	Items of OCI	Total
	Retained earnings	Currency Translation reserve	
Balance as of 1 April 2017	**38,313,058**	**(1,426,159)**	**36,886,899**
Profit for the year	15,400,965	3,080,271	18,481,236
Balance as of 31 March 2018	**53,714,023**	**1,654,112**	**55,368,136**

(Amount in Rupees)

	Reserves and Surplus	Items of OCI	Total
	Retained earnings	Currency Translation reserve (Note 1)	
Balance as of 1 April 2016	21,369,515	-	21,369,515
Profit for the year	16,943,543	(1,426,159)	15,517,384
Balance as of 31 March 2017	**38,313,058**	**(1,426,159)**	**36,886,899**

Note 1: Opening Foreign currency transaltion reserve is transferred to Retained Earnings , refer note 2.23 (A) (2)

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Sd/-
VISHNU R DUSAD
Director

Sd/-
RAVI PRATAP SINGH
Director

Place : NOIDA
Date : May 03, 2018

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018 (JPY)	Year ended 31 March 2017 (JPY)	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
A. Cash flow from operating activities					
Net Profit / (loss) before tax		45,113,995	39,181,458	26,301,459	24,253,322
Adjustments for:					
Depreciation and amortisation expense		424,375	2,400,411	247,411	1,485,854
Interest income on deposits with banks		498	(504)	290	(312)
Exchange difference on translation of foreign currency accounts		699,616	846,625	3,395,141	(1,001,115)
Operating Profit /(loss) before working capital changes		**46,238,484**	**42,427,990**	**29,944,301**	**24,737,749**
Adjustment for (increase)/decrease in operating assets					
Trade receivables		(33,146,228)	42,618,033	(20,388,245)	24,718,459
Other Financial asset		976,769	(818,523)	600,811	(474,743)
Other assets		(5,396,001)	2,017,778	(3,319,079)	1,170,312
Adjustment for increase/ (decrease) in operating liabilities					
Trade payables		(8,361,307)	(10,952,895)	(5,143,040)	(6,352,679)
Other liabilities		27,732,267	(23,832,945)	17,058,118	(13,823,108)
		28,043,984	**51,459,438**	**18,752,866**	**29,975,990**
Taxes paid (net)		15,100,100	5,906,264	8,803,358	3,655,977
Net cash from / (used in) operating activities (A)		**12,943,884**	**45,553,174**	**9,949,508**	**26,320,013**
B. Cash flow from investing activities					
Purchase of fixed assets		(58,056)	-	(33,847)	-
Interest income on deposits with banks		(498)	504	(290)	312
Net cash from / (used in) Investing activities (B)		**(58,554)**	**504**	**(34,137)**	**312**
C. Cash flow from financing activities		**-**	**-**	**-**	**-**
Net cash from / (used in) Financing activities (C)		**-**	**-**	**-**	**-**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		**12,885,330**	**45,553,678**	**9,915,371**	**26,320,325**
Cash and cash equivalents at the beginning of the year	2.6	**57,563,643**	**12,631,649**	**33,386,913**	**7,451,410**
Exchange difference on translation of foreign currency accounts		(961,986)	(621,684)	(560,838)	(384,822)
Cash and cash equivalents at the end of the year	2.6	**69,486,987**	**57,563,643**	**42,741,446**	**33,386,913**

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

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Sd/-
VISHNU R DUSAD
Director

Sd/-
RAVI PRATAP SINGH
Director

Place : NOIDA
Date : May 03, 2018

Note 1:

1.1 Company Overview

Nucleus Software Japan Kabushiki Kaisha ('the Company') was incorporated on 2 November 2001 in Japan. The Company's entire share capital is held by Nucleus Software Exports Ltd., India ('the Holding Company'). The principal activities of the Company consists of developing, producing and dealing in software systems and providing support and technical advisory and consultancy services, which are executed through a service level agreement with the Holding Company.

1.2. Significant accounting policies

i.Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company`s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note no. 2.23 and 2.24.

The Financial statements were approved for issue by the Board of Directors on May 03, 2018.

b) Functional and Presentation currency

The financial statements are presented in JPY, which is also the Company`s functional currency and financials are also translated from JPY to Rupees .

c) Basis of measurement

The 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

d) Use of estimates and judgements

In preparing these 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:

- Lease classification – Note 2.25

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 current tax expense and payable – Note 2.3 and Note 2.12
- Estimated useful life of property, plant and equipment – Note 1.2 (iv) and (v)
- Impairment of trade receivables- Note 2.5

e) Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values.

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 Company 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 categorised 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 Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Revenue Recognition

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

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

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

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

Revenue from service income for sale and marketing fee from Holding Company is recognised on rendering of services and in accordance with the terms of the contract.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with the terms of the contract.

iii. Other income

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.

iv.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.

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.

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 Company.

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

Asset category	**Mangement estimate of useful life (in years)**	**Useful life as per Schedule II(in years)**
Tangible asset		
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Furniture and fixtures*	5	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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.23

v. 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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.23.

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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 asset are not reclassified subsequent to their initial recognition, except if and in the period the Company 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 Company 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 Company 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 Company 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 realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company'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: 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.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company 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 Company'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.
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 Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company 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 derecognized

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company 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 Company 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.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost;

At each reporting date, the Company 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 Company 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.

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 Company 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 Company'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 Company in accordance with the contract and the cash flows that the Company 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 Company 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 Company'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.

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.

viii. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company 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.

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company 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 Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign Currency

a) Foreign currency transactions

Transactions in foreign currencies are translated 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.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

x. 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.

xi. 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 Company 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 Company 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 Company 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 real.

xii. Employee benefits

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.

xiii. 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 Company are segregated.

xiv. Operating leases

xv. Leases

a. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.
At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

b. Lease payments

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor`s expected inflation increases.

xvi. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis

2.1 Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions	Deductions / adjustments	Currency Translation	As at 31 Mar 2018	As at 1 April 2017	For the Year	Currency Translation	As at 31 Mar 2018	As at 31 Mar 2018	As at 31 March 2017
Tangible assets											
Office equipment	24,114	-	-	-	24,114	7,120	7,120	-	14,240	9,874	16,994
	(24,114)	-		-	(24,114)	-	(7,120)		(7,120)	(16,994)	(24,114)
Computers	506,630	58,056	-	-	564,686	293,305	187,341	-	480,646	84,040	213,325
	(506,630)	-		-	(506,630)	-	(293,305)		(293,305)	(213,325)	(506,630)
Furniture and fixtures	92,947	-	-	-	92,947	25,000	25,000	-	50,000	42,947	67,947
	(92,947)	-		-	(92,947)	-	(25,000)		(25,000)	(67,947)	(92,947)
Lease Hold Improvements	2,215,620	-	-	-	2,215,620	2,038,150	177,468	-	2,215,618	2	177,470
	(2,215,620)	-		-	(2,215,620)	-	(2,038,150)		(2,038,150)	(177,470)	(2,215,620)
	2,839,311	**58,056**	**-**	**-**	**2,897,367**	**2,363,575**	**396,929**	**-**	**2,760,504**	**136,863**	**475,736**
	(2,839,311)	-		-	(2,839,311)	-	(2,363,575)		(2,363,575)	(475,736)	(2,839,311)
Intangible assets											
Software	**78,196**	**-**	**-**	-	**78,196**	36,836	**27,446**	-	**64,282**	**13,914**	**41,360**
	(78,196)	**-**		**-**	(78,196)	-	(36,836)		(36,836)	(41,360)	(78,196)
Total	**2,917,507**	**58,056**	**-**	**-**	**2,975,563**	**2,400,411**	**424,375**	**-**	**2,824,786**	**150,777**	**517,096**
	(2,917,507)	**-**	**-**	**-**	**(2,917,507)**	**-**	**(2,400,411)**	**-**	**(2,400,411)**	**(517,096)**	**(2,917,507)**

(Amount in Rupees)

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 April 2017	Additions	Deductions / adjustments	Currency Translation	As at 31 Mar 2018	As at 1 April 2017	For the year	Currency Translation	As at 31 Mar 2018	As at 31 Mar 2018	As at 31 March 2017
Tangible assets											
Office equipment	13,986	-	-	847	14,833	4,130	4,151	478	8,759	6,074	9,857
	(14,225)	-	-	(239)	(13,986)	-	(4,407)	((277))	(4,130)	(9,857)	(14,225)
Computers	293,845	33,672	-	19,820	347,338	170,117	109,220	16,308	295,645	51,693	123,729
	(298,861)	-	-	5,016	(293,845)	-	(181,556)	((11,439))	(170,117)	(123,729)	(298,861)
Furniture and fixtures	53,909	-	-	3,263	57,172	14,500	14,575	1,681	30,756	26,416	39,409
	(54,829)	-	-	920	(53,909)	-	(15,475)	((975))	(14,500)	(39,409)	(54,829)
Lease Hold Improvements	1,285,060	-	-	77,768	1,362,828	1,182,127	103,464	77,236	1,362,827	1	102,934
	(1,306,994)	-	-	21,935	(1,285,060)	-	(1,261,614)	((79,486))	(1,182,127)	(102,934)	(1,306,994)
	1,646,800	**33,672**	-	**101,698**	**1,782,171**	**1,370,874**	**231,410**	**95,703**	**1,697,987**	**84,184**	**275,928**
	(1,674,910)	**-**	-	**27,631**	**(1,646,800)**	**-**	**(1,463,052)**	**((92,537))**	**(1,370,874)**	**(275,928)**	**(1,674,910)**
Intangible assets											
Software	**45,354**	**-**	-	**2,744**	**48,098**	**21,365**	**16,001**	**2,172**	**39,539**	**8,559**	**23,989**
	(46,128)	(27,547)	-	(71,318)	(45,354)	-	(22,802)	((1437))	(21,365)	(23,989)	(46,128)
Total	**1,692,154**	**33,672**	**-**	**104,442**	**1,830,269**	**1,392,239**	**247,411**	**97,875**	**1,737,526**	**92,743**	**299,917**
	(1,721,037)	**(27,547)**	**-**	**(43,687)**	**(1,692,154)**	**-**	**(1,485,854)**	**((93,974))**	**(1,392,238)**	**(299,917)**	**(1,721,037)**

Note :

(i) Figures in bracket pertains to previous year.

(ii) 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.
Details of Gross Block of asset and accumulated depreciation as on 31 March 2016 are as under

(Amount in JPY)

Particulars	Gross Block as on 31 March 2016	Accumulated depreciation as on 31 March 2016	Deemed Cost as on 1 April 2016
Tangible Assets			
Office equipment	930,200	906,086	24,114
Computers	2,740,658	2,234,028	506,630
Furniture and fixtures	849,621	756,674	92,947
Lease Hold Improvements	5,763,002	3,684,110	2,078,892
Intangible Assets			
Software	1,047,413	969,217	78,196
	11,330,894	**8,550,115**	**2,780,779**

Particulars		As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.2	**OTHER FINANCIAL ASSETS**						
	(Unsecured, considered good)						
	a. Security deposits	10,920,792	11,897,561	11,079,038	6,717,379	6,900,585	6,535,525
		10,920,792	**11,897,561**	**11,079,038**	**6,717,379**	**6,900,585**	**6,535,525**
2.3	**DEFERRED TAX**						
	(Unsecured, considered good)						
	a. Deferred Tax asset on Asset retirement obligation	180,000	170,242	112,687	110,718	98,740	66,474
		180,000	**170,242**	**112,687**	**110,718**	**98,740**	**66,474**
2.4	**OTHER NON CURRENT ASSET**						
	a. Deferred Rent	1,253,481	95,736	668,586	771,016	55,527	394,399
		1,253,481	**95,736**	**668,586**	**771,016**	**55,527**	**394,399**
2.5	**TRADE RECEIVABLES**						
	(Unsecured, considered good)						
	a. Considered good	79,512,354	46,366,126	88,984,159	48,908,049	26,892,353	52,491,755
		79,512,354	**46,366,126**	**88,984,159**	**48,908,049**	**26,892,353**	**52,491,755**
2.6	**CASH AND CASH EQUIVALENTS**						
	a. Balances with non scheduled banks in current accounts :						
	- Bank of Tokyo Mitsubishi	2,305,552	2,219,944	5,299,677	1,418,145	1,287,568	3,126,279
	- Shinsei Bank	45,802	46,516	46,580	28,173	26,979	27,478
	- Citibank	67,135,633	55,297,183	7,285,392	41,295,128	32,072,366	4,297,653
		69,486,987	**57,563,643**	**12,631,649**	**42,741,446**	**33,386,913**	**7,451,410**
2.7	**OTHER CURRENT ASSETS**						
	(Unsecured)						
	a. Prepaid expenses	816,405	857,295	794,448	502,171	497,231	468,645
	b. Loans and advances to employee	2,882,400	-	167,687	1,772,964	-	98,919
	c. Service income accrued but not due						
	- considered good	23,040,099	21,643,351	23,035,341	14,171,965	12,553,144	13,588,548
	- considered doubtful	-	1,206,557	1,206,557	-	699,803	711,748
		23,040,099	22,849,908	24,241,898	14,171,965	13,252,947	14,300,296
	Less : Provision for service income accrued but not due	-	(1,206,557)	(1,206,557)	-	(699,803)	(711,748)
		23,040,099	21,643,351	23,035,339	14,171,965	12,553,144	13,588,546
		26,738,904	**22,500,646**	**23,997,474**	**16,447,100**	**13,050,375**	**14,156,109**

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Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.8 SHARE CAPITAL						
a. **Authorised**						
200 (previous year 200) equity shares of JPY 50,000 each	**10,000,000**	**10,000,000**	**10,000,000**	**6,151,000**	**5,800,000**	**5,899,000**
b. **Issued, subscribed and fully paid-up**						
200 (previous year 200) equity shares of JPY 50,000 each, held by Nucleus Software Exports Limited (The Holding Company)	**10,000,000**	**10,000,000**	**10,000,000**	**6,151,000**	**5,800,000**	**5,899,000**

Refer notes (i) to (iii) below

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

Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
As at the beginning of the year						
- Number of Shares	200	200	200	200	200	200
- Amount	10,000,000	10,000,000	10,000,000	5,800,000	5,899,000	5,899,000
Shares issues/ (bought back) during the year						
- Number of Shares	-	-	-	-	-	-
- Amount	-	-	-	-	-	-
As at the end of the year						
- Number of Shares	200	200	200	200	200	200
- Amount	10,000,000	10,000,000	10,000,000	6,151,000	5,800,000	5,899,000

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

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

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

Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
Nucleus Software Exports Limited						
- Number of Shares	200	200	200	200	200	200
- Percentage	100%	100%	100%	100%	100%	100%
- Amount	10,000,000	10,000,000	10,000,000	6,151,000	5,800,000	5,899,000

2.9 OTHER EQUITY

Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
Retained Earnings	90,014,852	63,598,100	36,225,658	53,714,023	38,313,058	21,369,515
Other Comprehensive Income-Currency translation reserve	-	-	-	1,654,112	(1,426,159)	-
	90,014,852	**63,598,100**	**36,225,658**	**55,368,136**	**36,886,899**	**21,369,515**

Particulars	Year ended 31 March 2018 (JPY)	Year ended 31 Mar 2017 (JPY)	Year ended 31 March 2018 (Rupees)	Year ended 31 Mar 2017 (Rupees)
a. Retained Earnings				
Opening Balance	63,598,100	36,225,658	38,313,058	21,369,515
Add: Profit/ (Loss) for the year	26,416,752	27,372,442	15,400,965	16,943,543
Closing balance	**90,014,852**	**63,598,100**	**53,714,023**	**38,313,058**
b. Other Comprehensive Income				
Currency Translation Reserve				
Opening Balance	-	-	(1,426,159)	-
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	3,080,271	(1,426,159)
Closing balance	**-**	**-**	**1,654,112**	**(1,426,159)**
	90,014,852	**63,598,100**	**55,368,136**	**36,886,899**

2.10 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
a. Provision for Asset retirement obligation	500,000	492,474	449,748	307,550	285,635	265,308
	500,000	**492,474**	**449,748**	**307,550**	**285,635**	**265,308**

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Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 1 April 2016 (JPY)	As at 31 Mar 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.11 TRADE PAYABLES						
a. Trade payables						
i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16,387,279	17,286,652	19,161,000	10,079,814	10,026,258	11,303,074
b. Due to Holding Company	18,428,819	31,841,582	26,323,201	11,335,567	18,468,117	15,528,056
c. Due to fellow subsidiary	7,847,376	2,158,917	16,582,804	4,826,921	1,252,172	9,782,196
	42,663,474	**51,287,151**	**62,067,005**	**26,242,302**	**29,746,547**	**36,613,326**
2.12 OTHER CURRENT LIABILITIES						
a. Advance from customers/ Advance billing	20,322,581	1,578,413	22,560,790	12,500,420	915,480	13,308,610
b. Other payables - statutory liabilities	14,292,865	5,312,290	8,205,583	8,791,541	3,081,128	4,840,473
	34,615,446	**6,890,703**	**30,766,373**	**21,291,961**	**3,996,608**	**18,149,083**
2.13 CURRENT TAX LIABILITES (NET)						
Provision for Income Tax	10,449,523	6,842,622	882,316	6,427,502	3,968,721	520,478
	10,449,523	**6,842,622**	**882,316**	**6,427,502**	**3,968,721**	**520,478**

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Particulars		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
		(JPY)	(JPY)	(Rupees)	(Rupees)
2.14	**SALES AND SERVICES**				
a.	Software development services	456,297,726	396,799,284	266,021,574	245,618,757
b.	Service income for software development from holding company	-	10,003,432	-	6,192,124
c.	Service income for sales & marketing fee from holding Company	66,675,827	68,983,263	38,872,007	42,700,640
		522,973,553	**475,785,979**	**304,893,581**	**294,511,521**
2.15	**OTHER INCOME**				
a.	Interest income on deposits with banks	498	504	290	311
b.	Interest Income- Security Deposiit- amortised cost	543,264	617,523	316,723	382,247
c.	Gain on foreign currency transaction and transalation (net)	51,712	-	30,148	-
		595,474	**618,027**	**347,161**	**382,558**
2.16	**EMPLOYEE BENEFITS EXPENSE**				
a.	Salaries and wages	207,282,215	206,664,108	120,845,531	127,925,083
b.	Contribution to social security fund	5,937,104	8,245,841	3,461,332	5,104,176
c.	Staff welfare expenses	6,658,827	4,087,907	3,882,096	2,530,414
		219,878,146	**218,997,856**	**128,188,959**	**135,559,673**
2.17	**OPERATING AND OTHER EXPENSES**				
a.	Outsourced technical service expenses	175,580,670	132,144,607	102,363,531	81,797,512
b.	Power and fuel	228,956	308,665	133,481	191,064
c.	Rent (see note 2.25)	59,677,897	59,531,818	34,792,214	36,850,195
d.	Repair and maintenance				
	- Building	910,743	1,567,724	530,963	970,421
	- Others	-	144,768	-	89,611
e.	Insurance	351,945	485,857	205,184	300,745
f.	Rates and taxes	835,511	-	487,103	-
g.	Travelling	7,862,577	6,240,871	4,583,882	3,863,099
h.	Advertisement and business promotion	86,830	344,905	50,622	213,496
i.	Legal and Professional (see note 2.19)	10,254,659	5,839,593	5,978,466	3,614,708
j.	Training & Recruitment expenses	-	324,000	-	200,556
k.	Conveyance	566,818	381,404	330,455	236,089
l.	Communication	1,964,270	2,009,397	1,145,169	1,243,817
m.	Printing and Stationery	301,799	527,001	175,949	326,214
n.	Loss on foreign currency transaction and transalation (net)	-	1,910,983	-	1,182,898
o.	Provision for other current assets	(1,206,557)	-	(703,423)	-
p.	Customer Claims	-	3,441,349	-	2,130,195
q.	Miscellaneous expenses	271,527	288,055	158,300	178,307
		257,687,645	**215,490,997**	**150,231,897**	**133,388,927**
2.18	**FINANCE COST**				
a.	Bank charges	457,340	290,558	266,629	179,855
b.	Unwinding of discount on asset retirement obligation	7,526	42,726	4,388	26,448
		464,866	**333,284**	**271,017**	**206,303**
2.19	**PROFESSIONAL EXPENSES INCLUDE:**				
	Audit fees (excluding tax)	857,633	807,754	500,000	500,000
2.20	**EARNINGS PER SHARE**				
	Basic and Diluted				
a.	Profit after tax	26,416,752	27,372,442	15,400,965	16,943,543
b.	Weighted average number of equity shares	200	200	200	200
c.	Earnings per share	132,084	136,862	77,005	84,718

2.21 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

a. Holding company
- Nucleus Software Exports Limited

b. Other related parties with whom transactions have taken place during the year

Fellow Subsidiaries
- Nucleus Software Solutions Pte. Ltd., Singapore
- Virstra I Technology Services Ltd., India

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
	(JPY)	(JPY)	(Rupees)	(Rupees)
Transactions with related parties				
a. Sales and Service Income from Holding Company				
Software Development Service income	-	10,003,432	-	6,192,124
Sales & Marketing Service income	66,675,827	68,983,263	38,872,007	40,217,242
b. Outsourced technical service expenses				
Holding Company				
- Nucleus Software Exports Limited	99,974,588	74,153,910	58,285,185	43,231,730
Fellow subsidiary company				
- Virstra I Technology Services Ltd.	64,114,277	42,094,146	37,378,623	24,540,887
c. Reimbursement of expenses				
To Holding Company				
- Nucleus Software Exports Limited	91,380,357	90,510,841	53,274,748	52,767,820
To fellow subsidiary company				
- Virstra I Technology Services Ltd.	77,124,986	61,008,680	44,963,867	35,568,060

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
	(JPY)	(JPY)	(Rupees)	(Rupees)
Balances outstanding as at year end				
a. Trade receivables				
Holding Company				
- Nucleus Software Exports Limited	15,860,053	21,589,820	9,755,519	12,522,096
Fellow subsidiary company				
- Virstra I Technology Services Ltd.	-	1,069,100	-	620,078
b. Trade payables				
Holding Company				
- Nucleus Software Exports Limited	18,428,819	31,841,582	11,335,567	18,468,118
Fellow subsidiary company				
- Virstra I Technology Services Ltd.	7,847,376	2,158,917	4,826,921	1,252,172

2.22 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2018 were as follows:

(Amount in JPY)

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
Assets:					
Cash and cash equivalents (2.6)	69,486,987	-	-	69,486,987	69,486,987
Trade receivables (2.5)	79,512,354	-	-	79,512,354	79,512,354
Other financial assets (2.2)	10,920,792	-	-	10,920,792	10,920,792
	159,920,133	**-**	**-**	**159,920,133**	**159,920,133**
Liabilities:					
Trade payables (2.11)	42,663,474	-	-	42,663,474	42,663,474
	42,663,474	**-**	**-**	**42,663,474**	**42,663,474**

The carrying value and fair value of financial instruments by categories of 31 March 2017 were as follows:

(Amount in JPY)

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
Assets:					
Cash and cash equivalents (2.6)	57,563,643	-	-	57,563,643	57,563,643
Trade receivables (2.5)	46,366,126	-	-	46,366,126	46,366,126
Other financial assets (2.2)	11,897,561	-	-	11,897,561	11,897,561
	115,827,330	**-**	**-**	**115,827,330**	**115,827,330**
Liabilities:					
Trade payables (2.11)	51,287,151	-	-	51,287,151	51,287,151
	51,287,151	**-**	**-**	**51,287,151**	**51,287,151**

The carrying value and fair value of financial instruments by categories of 1 April 2016 were as follows:

(Amount in JPY)

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
Assets:					
Cash and cash equivalents (2.6)	12,631,649	-	-	12,631,649	12,631,649
Trade receivables (2.5)	88,984,159	-	-	88,984,159	88,984,159
Other financial assets (2.2)	11,079,038	-	-	11,079,038	11,079,038
	112,694,846	**-**	**-**	**112,694,846**	**112,694,846**
Liabilities:					
Trade payables (2.11)	62,067,005	-	-	62,067,005	62,067,005
	62,067,005	**-**	**-**	**62,067,005**	**62,067,005**

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

b) Financial risk management

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

- Credit risk and

- Liquidity risk

-Credit risk

The Company 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 Company 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 JPY 79,512,354 , JPY 46,366,126 and JPY 88,984,159 as of 31 March 2018, 31 March 2017 and 1 April 2016, respectively. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers.

-Liquidity risk

The company'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 2018, the Company had a working capital of JPY 88,009,804 (31 March 2017: JPY 61,409,939 and 1 April 2016 :JPY 31,897,590).

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	42,663,474	-	**42,663,474**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	51,287,151	-	**51,287,151**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 1 April 2016:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	62,067,005	-	**62,067,005**

c) Capital Management

The Company’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.

Risk management

For the purpose of the Company`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 Company`s capital management is to maximise the shareholder value.

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

2.23 First-time adoption of Ind-AS

These financial statements of Nucleus Software Japan Kabushiki kaisha for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard , with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet , Statement of Profit and Loss, is set out in note 2.24.

Exemptions availed and exceptions applied on first time adoption of Ind-AS 101

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions:

A Optional exemptions availed

1 Property plant and equipment and intangible assets

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. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

2 Cumulative translation differences

As per Ind AS 101, an entity may deem that the cumulative translation differences from JPY to Rupees to be zero as at the date of transition by transferring any such cumulative differences to retained earnings.
The Company has elected to avail of the above exemptions.

B Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements,as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.However, the estimates should be adjusted to reflect any differences in accounting policies.
As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

2.24 Reconciliations

a) Reconciliation of Total Equity

		(Amount in JPY)		(Amount in Rupees)	
Particulars	**Note**	**As at 31 March, 2017**	**As at 1 April 2016**	**As at 31 March, 2017**	**As at 1 April 2016**
Equity as reported under Previous GAAP		**73,913,797**	**46,483,710**	**42,870,002**	**27,420,741**
Impact of Ind AS opening adjustment		(258,052)	-	(149,670)	-
Adjustment:					
Asset retirement obligation	1.1	(159,876)	(313,020)	(92,728)	(184,650)
Movement in deposits at amortised cost	1.2	44,676	(57,719)	25,913	(34,048)
		(115,200)	**(370,739)**	**(66,815)**	**(218,699)**
Equity in accordance with Ind AS		**73,540,545**	**46,112,971**	**42,653,517**	**27,202,042**
Tax effects of adjustments	1.3	(57,555)	(112,687)	(33,382)	(66,474)
Total equity after tax adjustment in accordance with Ind AS		**73,598,100**	**46,225,658**	**42,686,899**	**27,268,516**
Movement in equity		**(315,697)**	**(258,052)**	**(183,103)**	**(152,225)**

b) Reconciliation of total comprehensive income

		(Amount in JPY)	Amount in Rupees)
Particulars	**Notes**	**For the year ended 31 March, 2017**	**For the year ended 31 March, 2017**
Profit as per Previous GAAP		**27,430,087**	**16,979,224**
Adjustments			
Asset retirement obligation	1.1	(159,876)	(92,728)
Movement in deposits at amortised cost	1.2	44,676	25,913
Currency translation on Ind As adjustment		-	(2,248)
		(115,200)	**(69,063)**
Profit in accordance with Ind AS		**27,314,887**	**16,910,161**
Tax effects of adjustments	1.3	(57,555)	(33,382)
Profit for the year after tax adjustment in accordance with Ind AS		**27,372,442**	**16,943,543**
Other Comprehensive Income (OCI)		-	-
Total Comprehensive Income as per Ind AS		**27,372,442**	**16,943,543**

Explanation for reconciliation of equity as at 1 April 2016 and 31 March 2017 and Profit and Loss for the year ended 31 March 2017 as previously reported under IGAAP to Ind AS

1.1 Asset retirement obligation

Under Ind AS, Company need to adjust the cost of the asset for the retirement obligation that is expected to be incurred at the end of the lease period
As a result of this change, profit for the year ended 31 March 2017 reduced by JPY 159,876 and reduced the retained earning as at 1 April 2016 by JPY 313,020

1.2 Other Financial assets

Under Previous GAAP, Security deposit are recorded at cost. However under Ind AS, security deposits are classified at amortised cost. Therefore, adjustment has been made for the impact of discounting of interest free security deposit given for the rented premises.

As a result of this change, profit for the year ended 31 March 2017 increased by JPY 44,676 and reduced the retained earning as at 1 April 2016 by JPY 57,719.

1.3 Deferred tax

Deferred Tax adjustment on transitional entries under Ind - AS has been made in accordance with Ind-AS. This has reduced the profit for the year ended 31 March 2017 by JPY 57,555 reduced retained earning byJPY 112,687. The Previous GAAP require deferred tax accounting using the income statement approach, which focusses on differences between taxable profit and accounting profits for the period. Ind-AS 12 : Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP.

1.4 Other Equity

Adjustment to retained earnings and OCI have been made in accordance with Ind-AS, for the above mentioned line items.

2.25 Operating Lease

Obligations on long-term, non-cancelable operating leases

The Company leases office space and other assets under operating lease. The lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is JPY 59,677,897 (previous year JPY 59,531,818). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at 31 March 2018 (JPY)	As at 31 March 2017 (JPY)	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)
Lease obligations payable				
a. Not later than 1 year	8,920,800	1,445,200	5,487,184	838,216
b. Later than 1 year but not later than 5 years	10,407,600	-	6,401,715	-
	19,328,400	**1,445,200**	**11,888,899**	**838,216**

2.26 SEGMENT REPORTING

Based on the guiding principles stated in indAS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software development services as one reportable business segment only. Accordingly, no additional disclosure for segment reporting have been made in the financial statements.

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

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA

Sd/-	**Sd/-**
VISHNU R DUSAD	**RAVI PRATAP SINGH**
Director	Director

Place : Noida
Date : May 03, 2018