NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH 2021

Particulars	Notes Ref.	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
		(JPY)	(JPY)	(Rupees)	(Rupees)
ASSETS					
Non-current assets					
Property, plant and equipment	2.1	378,861	457,633	250,503	318,650
Other Intangible assets	2.1	2,839	2,839	1,877	1,977
Right to Use Assets	2.2	10,311,190	2,026,790	6,817,759	1,411,254
Financial assets					
Other financial assets	2.3	10,401,798	11,869,628	6,877,669	8,264,822
Deferred tax asset	2.4	180,000	180,000	119,016	125,334
		21,274,688	**14,536,890**	**14,066,824**	**10,122,037**
Current Assets					
Financial assets					
Trade receivables	2.6	26,058,370	38,893,604	17,229,794	27,081,616
Cash and cash equivalents	2.7	66,048,048	42,106,348	43,670,970	29,318,650
Other current assets	2.8	8,039,787	2,462,798	5,315,908	1,714,846
		100,146,205	**83,462,750**	**66,216,672**	**58,115,112**
Total Assets		**121,420,893**	**97,999,640**	**80,283,496**	**68,237,149**
EQUITY & LIABILITIES					
EQUITY					
Equity Share capital	2.9	10,000,000	10,000,000	6,612,000	6,963,000
Other equity	2.10	69,649,822	53,751,460	46,052,463	37,427,142
		79,649,822	**63,751,460**	**52,664,463**	**44,390,142**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Lease liability Payable		1,491,376	-	986,098	-
Provisions	2.11	500,000	500,000	330,600	348,150
Current liabilities					
Financial liabilities					
Trade payables	2.12	23,181,783	22,478,020	15,327,795	15,651,446
Lease liability Payable	2.2	8,482,888	1,491,283	5,608,886	1,038,380
Other Financial Liabilities	2.13	1,265,558	812,223	836,787	565,551
Other current liabilities	2.14	5,589,709	2,273,123	3,695,916	1,582,776
Current tax liabilities (net)	2.15	1,259,757	6,693,531	832,951	4,660,704
		39,779,695	**33,748,180**	**26,302,335**	**23,498,857**
TOTAL EQUITY AND LIABILITIES		**121,420,893**	**97,999,640**	**80,283,496**	**68,237,149**

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

Dusad Vishnu Rampratap
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Date: 2021.06.02 18:51:03 +05'30'

VISHNU R DUSAD
Director

Place : Noida
Date : 02 June 2021

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

	Notes Ref.	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (Rupees)	Year ended 31 March 2020 (Rupees)
1. REVENUE FROM OPERATIONS					
Sales and services	2.16	261,953,383	316,804,392	184,044,508	205,384,288
2. OTHER INCOME	2.17	598,977	366,618	421,626	237,678
3. TOTAL REVENUE (1+2)		**262,552,360**	**317,171,010**	**184,466,134**	**205,621,966**
4. EXPENSES					
a. Employee benefits expenses	2.18	171,698,091	180,593,881	120,660,480	117,079,012
b. Operating and other expenses	2.19	56,217,593	92,167,476	39,467,458	59,752,174
c. Finance cost	2.20	1,668,923	1,283,386	1,173,470	832,019
d. Depreciation and amortisation expense	2.1	9,582,065	8,102,438	6,728,190	5,252,811
TOTAL EXPENSES		**239,166,672**	**282,147,181**	**168,029,598**	**182,916,016**
5. PROFIT BEFORE TAX (3-4)		**23,385,688**	**35,023,829**	**16,436,536**	**22,705,950**
6. TAX EXPENSE					
a. Current tax expense		7,487,326	7,799,831	5,250,346	5,056,630
NET CURRENT TAX EXPENSE		**7,487,326**	**7,799,831**	**5,250,346**	**5,056,630**
7. PROFIT FOR THE YEAR (5-6)		**15,898,362**	**27,223,998**	**11,186,190**	**17,649,320**
8. OTHER COMPREHENSIVE INCOME					
Items that will be reclassified to profit or loss					
Currency Translation reserve		-	-	(2,560,869)	3,942,379
9. TOTAL COMPREHENSIVE INCOME (7+8)		**15,898,362**	**27,223,998**	**8,625,321**	**21,591,699**
10. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic		79,492	136,120	55,931	88,247
b. Diluted		79,492	136,120	55,931	88,247
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

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VISHNU R DUSAD
Director

Place : Noida
Date : 02 June 2021

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Notes Ref.	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (Rupees)	Year ended 31 March 2020 (Rupees)
A. Cash flow from operating activities					
Net Profit / (loss) before tax		23,385,688	35,023,829	16,436,536	22,705,950
Adjustments for:					
Depreciation and amortisation expense		9,582,065	8,102,438	6,728,190	5,252,811
Interest income on deposits with banks		(79)	428	56	277
Exchange difference on translation of foreign currency accounts		68,693	(30,111)	(2,967,137)	3,300,748
Lease Assets Finance charges		1,064,774	571,911	749,111	370,770
Operating Profit /(loss) before working capital changes		**34,101,141**	**43,668,495**	**20,946,756**	**31,630,556**
Adjustment for (increase)/decrease in operating assets					
Trade receivables		12,835,234	(18,362,098)	8,486,657	(12,785,529)
Other Financial asset		263,698	(688,656)	174,357	(479,511)
Other assets		(5,576,989)	35,145,261	(3,687,505)	24,471,645
Adjustment for increase/ (decrease) in operating liabilities					
Trade payables		629,065	(21,456,211)	415,938	(14,939,960)
Other Financial liabilities		453,335	-	299,745	-
Other liabilities		3,316,586	(1,643,753)	2,192,927	(1,144,545)
		46,022,070	**36,663,038**	**28,828,875**	**26,752,656**
Taxes paid (net)		12,921,100	4,446,099	8,376,749	2,882,406
Net cash from / (used in) operating activities (A)		**33,100,970**	**32,216,939**	**20,452,126**	**23,870,250**
B. Cash flow from investing activities					
Purchase of fixed assets		(113,502)	471,971	(73,583)	305,979
Interest income on deposits with banks		79	428	51	277
Net cash from / (used in) Investing activities (B)		**(113,423)**	**472,399**	**(73,532)**	**306,256**
C. Cash flow from financing activities					
Principal repayment of lease liabilities		(7,987,078)	(9,623,763)	(5,281,056)	(6,007,153)
Interest paid on lease liabilities		(1,064,774)	(571,911)	(749,111)	(370,770)
Dividend Payment		-	(30,000,000)	-	(19,449,000)
Net cash from / (used in) Financing activities (C)		**(9,051,852)**	**(40,195,674)**	**(6,030,167)**	**(25,826,923)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		**23,935,695**	**(7,506,336)**	**14,348,427**	**(1,650,417)**
Cash and cash equivalents at the beginning of the year	2.6	**42,106,348**	**49,578,245**	**29,318,650**	**30,946,740**
Exchange difference on translation of foreign currency accounts		6,005	34,439	3,893	22,327
Cash and cash equivalents at the end of the year	2.6	**66,048,048**	**42,106,348**	**43,670,970**	**29,318,650**

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

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VISHNU R DUSAD
Director

Place : Noida
Date : 02 June 2021

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in JPY)

Balance as of 1 April 2020	Changes in equity share capital during the year	Balance as on 31 March 2021
10,000,000	-	10,000,000

(Amount in JPY)

Balance as of 1 April 2019	Changes in equity share capital during the year	Balance as on 31 March 2020
10,000,000	-	10,000,000

(Amount in Rupees)

Balance as of 1 April 2020	Changes in equity share capital during the year	Balance as on 31 March 2021 (refer note below)
6,963,000	-	6,612,000

(Amount in Rupees)

Balance as of 1 April 2019	Changes in equity share capital during the year	Balance as on 31 March 2020 (refer note below)
6,151,000	-	6,963,000

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 2020	**53,751,460**	**53,751,460**
Profit for the year	15,898,362	15,898,362
Interim Dividend	-	-
Balance as of 31 March 2021	**69,649,822**	**69,649,822**

(Amount in JPY)

	Reserves and Surplus	Total
	Retained earnings	
Balance as of 1 April 2019	56,527,462	56,527,462
Profit for the year	27,223,998	27,223,998
Interim Dividend	(30,000,000.00)	(30,000,000)
Balance as of 31 March 2020	**53,751,460**	**53,751,460**

(Amount in Rupees)

	Reserves and Surplus	Items of OCI	Total
	Retained earnings	Currency Translation reserve	
Balance as of 1 April 2020	**30,840,729**	**6,586,413**	**37,427,142**
Profit for the year	11,186,190	(2,560,869)	8,625,321
Interim Dividend	-	-	-
Balance as of 31 March 2021	**42,026,919**	**4,025,544**	**46,052,463**

(Amount in Rupees)

	Reserves and Surplus	Items of OCI	Total
	Retained earnings	Currency Translation reserve (Note 1)	
Balance as of 1 April 2019	32,640,409	2,644,034	35,284,443
Profit for the year	17,649,320	3,942,379	21,591,699
Interim Dividend	(19,449,000)		(19,449,000)
Balance as of 31 March 2020	**30,840,729**	**6,586,413**	**37,427,142**

See accompanying notes forming part of the financial statements

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

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Date: 2021.06.02 18:51:45 +05'30'

VISHNU R DUSAD
Director

Place : Noida
Date : 02 June 2021

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 prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The Financial statements were approved for issue by the Board of Directors on 02 June, 2021.

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 2.2

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:

- Estimated useful life of property, plant and equipment – Note 1.2 (iv) and (v)
- Impairment of trade receivables- Note 2.6

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.

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.

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

The Company 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 Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company 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 Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company 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 Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company 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.

xv. Company as a lessee

The Company 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.

The Company 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 interim statement of profit and loss.

The Company 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 Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, 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 Company 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 Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of standalone interim profit and loss.

The Company 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.

xvi. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.1 Property, plant and equipment

(Amount in JPY)

PARTICULARS	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2020	Additions	Deductions / adjustments	Currency Translation	As at 31 March 2021	As at 1 April 2020	For the Year	Currency Translation	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Tangible assets											
Office equipment	24,114	-	-	-	24,114	24,114	-	-	24,114	-	-
	(24,114)	-	-	-	(24,114)	(21,360)	(2,754)	-	(24,114)	-	(2,754)
Computers	1,036,657	113,502	-	-	1,150,159	579,024	192,274	-	771,298	378,861	457,633
	(564,686)	(471,971)	-	-	(1,036,657)	(538,266)	(40,758)	-	(579,024)	(457,633)	(26,420)
Furniture and fixtures	92,947	-	-	-	92,947	92,947	-	-	92,947	-	-
	(92,947)	-	-	-	(92,947)	(75,000)	(17,947)	-	(92,947)	-	(17,947)
Lease Hold Improvements	2,215,620	-	-	-	2,215,620	2,215,620	-	-	2,215,620	-	-
	(2,215,620)	-	-	-	(2,215,620)	(2,215,620)	-	-	(2,215,620)	-	-
	3,369,338	**113,502**	**-**	**-**	**3,482,840**	**2,911,705**	**192,274**	**-**	**3,103,979**	**378,861**	**457,633**
	(2,897,367)	-		-	(3,369,338)	-	(2,911,705)		(2,911,705)	(457,633)	(2,897,367)
Intangible assets											
Software	**78,196**	**-**	**-**	-	**78,196**	**75,357**	**-**	-	**75,357**	**2,839**	**2,839**
	(78,196)	**-**	**-**	**-**	(78,196)	(75,357)	-	**-**	(75,357)	(2,839)	(2,839)
Total	**3,447,534**	**113,502**	**-**	**-**	**3,561,036**	**2,987,062**	**192,274**	**-**	**3,179,336**	**381,700**	**460,472**
	(2,975,563)	**-**	**-**	**-**	**(3,447,534)**	**(75,357)**	**(2,911,705)**	**-**	**(2,987,062)**	**(460,472)**	**(2,900,206)**

(Amount in Rupees)

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 April 2020	Additions	Deductions / adjustments	Currency Translation	As at 31 March 2021	As at 1 April 2020	For the year	Currency Translation	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Tangible assets											
Office equipment	16,791	-	-	(847)	15,944	16,791	-	(847)	15,944	-	-
	(15,052)	-	-	(1,739)	(16,791)	(13,333)	(1,785)	(1,673)	(16,791)	-	(1,719)
Computers	721,824	79,031	-	(40,371)	760,485	403,174	133,150	(26,342)	509,982	250,503	318,650
	(352,477)	(294,604)	-	(74,743)	(721,824)	(335,986)	(26,423)	(40,765)	(403,174)	(318,650)	(16,491)
Furniture and fixtures	64,719	-	-	(3,262)	61,457	64,719	-	(3,262)	61,457	-	-
	(58,018)	-	-	(6,701)	(64,719)	(46,816)	(11,635)	(6,268)	(64,719)	-	(11,203)
Lease Hold Improvements	1,542,736	-	-	(77,768)	1,464,968	1,542,736	-	(77,768)	1,464,968	-	-
	(1,382,990)	-	-	(159,746)	(1,542,736)	(1,382,990)	-	(159,746)	(1,542,736)	-	-
	2,346,070	79,031	-	(122,247)	**2,302,854**	**2,027,420**	133,150	**(108,219)**	**2,052,351**	**250,503**	**318,650**
	(1,808,536)	**(294,604)**	**-**	**(242,929)**	**(2,346,070)**	**(1,779,125)**	**(39,843)**	**(208,452)**	**(2,027,420)**	**(318,650)**	**(29,413)**
Intangible assets											
Software	**54,448**	**-**	**-**	**(2,745)**	**51,703**	**52,471**	**-**	**(2,646)**	**49,826**	**1,877**	**1,977**
	(48,810)	-	-	(5,638)	(54,448)	(47,038)	-	(5,432)	(52,471)	(1,977)	(1,772)
Total	**2,400,518**	**79,031**	**-**	**(124,992)**	**2,354,557**	**2,079,891**	**133,150**	**(110,865)**	**2,102,177**	**252,380**	**320,627**
	(1,857,346)	**(294,604)**	**-**	**(248,567)**	**(2,400,518)**	**(1,826,163)**	**(39,843)**	**(213,884)**	**(2,079,891)**	**(320,627)**	**(31,185)**

Note :

(i) Figures in bracket pertains to previous year.

2.2 Transition to Ind AS 116

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

For transition, the Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. It has therefore, not reassessed whether a contract, is or contains a lease, at the date of initial application; relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review; excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The Company has adopted Ind AS 116 , effective period beginning 1 April 2019 and applied the standard to its leases, retrospectively, using the modified retrospective approach. Accordingly, the Company has not restated comparative information.

This has resulted in recognizing a right of use asset and corresponding lease liability of Rs. 2,026,790 as at 1 April 2020. The nature of expenses in respect of operating leases has changed from lease rent in the previous periods to depreciation cost for the right of use asset and finance cost for the interest accrued on lease liability. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.25% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2021:

	(Amount in JPY)
Particulars	**As at 31 March 2021**
Balance as at 1 April 2020	2,026,790
Additions	17,674,191
Amortization	9,389,791
Balance as at 31 March 2021	**10,311,190**

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

The following is the break-up of current and non-current lease liabilities as at 31 March 2021

	(Amount in JPY)
Particulars	**As at 31 March 2021**
Current lease liabilities	8,482,888
Non-current lease liabilities	1,491,376
Total	**9,974,264**

The following is the movement in lease liabilities during the year ended 31 March 2021:

	(Amount in JPY)
Particulars	**As at 31 March 2021**
Balance as of 1 April 2020	1,491,283
Additions	16,470,059
Finance cost accrued during the period	1,064,774
Payment of lease liabilities	9,051,852
Balance as at 31 March 2021	**9,974,264**

The table below provides details regarding future lease payments as at 31 March 2021 on an undiscounted basis:

	(Amount in JPY)
Particulars	**As at 31 March 2021**
Not later than 1 year	9,051,852
Later than 1 year but not later than 5 years	1,508,642
More than 5 year	-
Total	**10,560,494**

The Company 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.

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Particulars		**As at 31 March 2021 (JPY)**	**As at 31 March 2020 (JPY)**	**As at 31 March 2021 (Rupees)**	**As at 31 March 2020 (Rupees)**
2.3	**OTHER FINANCIAL ASSETS**				
	(Unsecured, considered good)				
	a. Security deposits	10,401,798	11,869,628	6,877,669	8,264,822
		10,401,798	**11,869,628**	**6,877,669**	**8,264,822**
2.4	**DEFERRED TAX**				
	(Unsecured, considered good)				
	a. Deferred Tax asset on Asset retirement obligation	180,000	180,000	119,016	125,334
		180,000	**180,000**	**119,016**	**125,334**
2.6	**TRADE RECEIVABLES**				
	(Unsecured, considered good)				
	a. Considered good	26,058,370	38,893,604	17,229,794	27,081,616
		26,058,370	**38,893,604**	**17,229,794**	**27,081,616**
2.7	**CASH AND CASH EQUIVALENTS**				
	a. Balances with non scheduled banks in current accounts :				
	- Bank of Tokyo Mitsubishi	4,648,139	2,645,311	3,073,350	1,841,930
	- Shinsei Bank	46,366	46,131	30,657	32,121
	- Citibank	61,353,543	39,414,906	40,566,963	27,444,599
		66,048,048	**42,106,348**	**43,670,970**	**29,318,650**
2.8	**OTHER CURRENT ASSETS**				
	(Unsecured)				
	a. Prepaid expenses	996,567	816,558	658,930	568,569
	b. Loans and advances to employee	1,802,900	139,300	1,192,077	96,995
	c. Service income accrued but not due				
	- considered good	5,240,320	1,506,940	3,464,900	1,049,282
	- considered doubtful	-	-	-	-
		5,240,320	1,506,940	3,464,900	1,049,282
	Less : Provision for service income accrued but not due	-	-	-	-
		5,240,320	1,506,940	3,464,900	1,049,282
		8,039,787	**2,462,798**	**5,315,908**	**1,714,846**

Particulars		As at 31 March 2021 (JPY)	As at 31 March 2020 (JPY)	As at 31 March 2021 (Rupees)	As at 31 March 2020 (Rupees)
2.9	**SHARE CAPITAL**				
	a. **Authorised**				
	200 (previous year 200) equity shares of JPY 50,000 each	**10,000,000**	**10,000,000**	**6,612,000**	**6,963,000**
	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**	**6,612,000**	**6,963,000**

Refer notes (i) to (iii) below

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

As at the beginning of the year				
- Number of Shares	200	200	200	200
- Amount	10,000,000	10,000,000	6,963,000	6,242,000
Shares issues/ (bought back) during the year				
- Number of Shares	-	-	-	-
- Amount	-	-	-	-
As at the end of the year				
- Number of Shares	200	200	200	200
- Amount	10,000,000	10,000,000	6,612,000	6,963,000

(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

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

Nucleus Software Exports Limited				
- Number of Shares	200	200	200	200
- Percentage	100%	100%	100%	100%
- Amount	10,000,000	10,000,000	6,612,000	6,963,000

2.10	**OTHER EQUITY**				
	Retained Earnings	69,649,822	53,751,460	42,026,919	30,840,729
	Other Comprehensive Income-Currency translation reserve	-	-	4,025,544	6,586,413
		69,649,822	**53,751,460**	**46,052,463**	**37,427,142**

Particulars	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (Rupees)	Year ended 31 March 2020 (Rupees)
a. Retained Earnings				
Opening Balance	53,751,460	56,527,462	30,840,729	32,640,409
Add: Profit/ (Loss) for the year	15,898,362	27,223,998	11,186,190	17,649,320
Less: Appropriation				
Dividend payment	-	(30,000,000)	-	(19,449,000)
Closing balance	**69,649,822**	**53,751,460**	**42,026,919**	**30,840,729**
b. Other Comprehensive Income				
Currency Translation Reserve				
Opening Balance	-	-	6,586,413	2,644,034
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	(2,560,869)	3,942,379
Closing balance	**-**	**-**	**4,025,544**	**6,586,413**
	69,649,822	**53,751,460**	**46,052,463**	**37,427,142**

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 26,058,370, JPY 38,893,604 as of 31 March 2021, 31 March 2020, 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 2021, the Company had a working capital of JPY 60,366,510 (31 March 2020: JPY 49,714,570).

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2021:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	23,181,783	-	**23,181,783**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	22,478,020	-	**22,478,020**

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.

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Particulars			As at 31 March 2021 (JPY)	As at 31 March 2020 (JPY)	As at 31 March 2021 (Rupees)	As at 31 March 2020 (Rupees)
2.11	**OTHER NON-CURRENT LIABILITIES**					
	a.	Provisions - Provision for Asset retirement obligation	500,000	500,000	330,600	348,150
			500,000	**500,000**	**330,600**	**348,150**
2.12	**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	11,383,418	11,663,396	7,526,716	8,121,223
	b.	Due to Holding Company	11,798,365	10,814,624	7,801,079	7,530,223
			23,181,783	**22,478,020**	**15,327,795**	**15,651,446**
2.13	**OTHER FINANCIAL LIABILITIES**					
	a.	Other employee payables	1,265,558	812,223	836,787	565,551
			1,265,558	**812,223**	**836,787**	**565,551**
2.14	**OTHER CURRENT LIABILITIES**					
	a.	Advance from customers/ Advance billing	3,671,545	1,588,203	2,427,626	1,105,866
	b.	Other payables - statutory liabilities	1,918,164	684,920	1,268,290	476,910
			5,589,709	**2,273,123**	**3,695,916**	**1,582,776**
2.15	**CURRENT TAX LIABILITES (NET)**					
	a.	Provision for Income Tax	1,259,757	6,693,531	832,951	4,660,704
			1,259,757	**6,693,531**	**832,951**	**4,660,704**

Particulars		Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
		(JPY)	(JPY)	(Rupees)	(Rupees)
2.16	**SALES AND SERVICES**				
a.	Software development services	220,552,865	285,961,420	155,035,009	185,388,789
b.	Service income for sales & marketing fee from holding Company	41,400,518	30,842,972	29,009,499	19,995,499
		261,953,383	**316,804,392**	**184,044,508**	**205,384,288**
2.17	**OTHER INCOME**				
a.	Interest income on deposits with banks	79	428	56	277
b.	Interest Income- Security Deposiit- amortised cost	583,902	621,856	411,074	403,149
c.	Gain on foreign currency transaction and transalation (net)	14,996	(255,666)	10,496	(165,748)
		598,977	**366,618**	**421,626**	**237,678**
2.18	**EMPLOYEE BENEFITS EXPENSE**				
a.	Salaries and wages	156,861,785	167,592,174	110,241,962	108,650,006
b.	Contribution to social security fund	6,324,608	4,275,191	4,444,768	2,771,606
c.	Staff welfare expenses	8,511,698	8,726,516	5,973,750	5,657,400
		171,698,091	**180,593,881**	**120,660,480**	**117,079,012**
2.19	**OPERATING AND OTHER EXPENSES**				
a.	Outsourced technical service expenses	19,768,804	31,797,838	13,794,259	20,614,538
b.	Power and fuel	164,394	227,755	115,904	147,654
c.	Rent (see note 2.25)	26,914,127	33,859,490	18,920,255	21,951,107
d.	Repair and maintenance				
	- Building	114,871	264,774	80,896	171,653
	- Others	200,000	-	140,934	-
e.	Insurance	192,771	291,959	135,566	189,277
f.	Rates and taxes	62,600	136,400	44,133	88,428
g.	Travelling	3,100,962	4,926,242	2,180,513	3,193,683
h.	Advertisement and business promotion	243,783	133,610	169,330	86,619
i.	Legal and Professional	3,257,687	4,627,449	2,341,290	2,999,975
j.	Training & Recruitment expenses	422,075	13,908,652	297,295	9,016,979
k.	Conveyance	(17,622)	353,992	(12,709)	229,493
l.	Communication	1,593,365	1,363,839	1,119,210	884,177
m.	Printing and Stationery	116,846	180,310	82,338	116,895
n.	Miscellaneous expenses	82,930	95,166	58,244	61,696
		56,217,593	**92,167,476**	**39,467,458**	**59,752,174**
2.20	**FINANCE COST**				
a.	Bank charges	604,149	711,475	424,359	461,249
b.	Lease Assets Finance charges	1,064,774	571,911	749,111	370,770
		1,668,923	**1,283,386**	**1,173,470**	**832,019**
2.21	**PROFESSIONAL EXPENSES INCLUDE:**				
	Audit fees (excluding tax)	722,022	771,248	500,000	500,000
2.22	**EARNINGS PER SHARE**				
	Basic and Diluted				
a.	Profit after tax	15,898,362	27,223,998	11,186,190	17,649,320
b.	Weighted average number of equity shares	200	200	200	200
c.	Earnings per share	79,492	136,120	55,931	88,247

2.23 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2021 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 (2.7)	66,048,048	-	-	66,048,048	66,048,048
Trade receivables (2.6)	26,058,370	-	-	26,058,370	26,058,370
Other financial assets (2.3)	10,401,798	-	-	10,401,798	10,401,798
	102,508,216	**-**	**-**	**102,508,216**	**102,508,216**
Liabilities:					
Trade payables (2.12)	23,181,783	-	-	23,181,783	23,181,783
	23,181,783	**-**	**-**	**23,181,783**	**23,181,783**

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.

The carrying value and fair value of financial instruments by categories of 31 March 2020 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 (2.7)	42,106,348	-	-	42,106,348	42,106,348
Trade receivables (2.6)	38,893,604	-	-	38,893,604	38,893,604
Other financial assets (2.3)	11,869,628	-	-	11,869,628	11,869,628
	92,869,580	**-**	**-**	**92,869,580**	**92,869,580**
Liabilities:					
Trade payables (2.12)	22,478,020	-	-	22,478,020	22,478,020
	22,478,020	**-**	**-**	**22,478,020**	**22,478,020**

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.

2.24 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

a. Holding company
- Nucleus Software Exports Limited

Particulars	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (Rupees)	Year ended 31 March 2020 (Rupees)
Transactions with related parties				
a. Sales and Service Income from Holding Company				
Sales & Marketing Service income	41,400,518	30,842,972	29,009,499	19,995,499
b. Outsourced technical service expenses				
Holding Company				
- Nucleus Software Exports Limited	19,768,804	20,567,316	13,794,259	13,333,791
c. Reimbursement of expenses				
From Holding Company				
- Nucleus Software Exports Limited	180,600	4,707,420	127,215	3,051,820
To Holding Company				
- Nucleus Software Exports Limited	117,731,435	141,863,619	82,716,615	91,970,184

Particulars	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (Rupees)	Year ended 31 March 2020 (Rupees)
Balances outstanding as at year end				
a. Trade receivables				
Holding Company				
- Nucleus Software Exports Limited	9,853,290	18,180,743	6,514,995	12,659,251
b. Trade payables				
Holding Company				
- Nucleus Software Exports Limited	11,798,365	10,814,624	7,801,079	7,530,222

2.25 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.

The Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of right-of-use assets, trade receivables and other financial and non financial assets, for possible impact on the Standalone Financial Statements. However, the impact of COVID·19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

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

Dusad Vishnu Rampratap

Digitally signed by Dusad Vishnu Rampratap
Date: 2021.06.02 18:52:53 +05'30'

VISHNU R DUSAD
Director

Place : Noida
Date : 02 June 2021