

15/4/17

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH 2017

	Notes Ref.	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
EQUITY AND LIABILITIES					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	10,000,000	10,000,000	5,800,000	5,899,000
b. Reserves and surplus	2.2	63,913,797	36,483,710	37,070,002	20,802,887
		73,913,797	46,483,710	42,870,002	26,701,887
2. CURRENT LIABILITIES					
a. Trade payables	2.3				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		51,287,149	62,067,005	29,746,547	37,332,178
b. Other current liabilities	2.4	6,890,704	30,766,373	3,996,609	18,149,083
c. Short-term provisions	2.5	6,842,622	882,315	3,968,721	520,478
		65,020,475	93,715,693	37,711,877	56,001,739
		138,934,272	140,199,403	80,581,879	82,703,626
ASSETS					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.6	456,158	2,702,583	264,572	1,594,254
- Intangible assets	2.6	41,360	78,196	23,989	46,128
		497,518	2,780,779	288,561	1,640,382
b. Long-term loans and advances	2.7	12,006,340	11,805,340	6,963,677	6,963,970
		12,503,858	14,586,119	7,252,238	8,604,352
2. CURRENT ASSETS					
a. Trade receivables	2.8	46,366,126	88,984,159	26,892,353	52,491,755
b. Cash and cash equivalents	2.9	57,563,643	12,631,649	33,386,913	7,451,410
c. Short-term loans and advances	2.10	857,294	962,135	497,231	567,564
d. Other current assets	2.11	21,643,351	23,035,341	12,553,144	13,588,545
		126,430,414	125,613,284	73,329,641	74,099,274
		138,934,272	140,199,403	80,581,879	82,703,626

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

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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

Place : New Delhi
Date : 25 April 2017

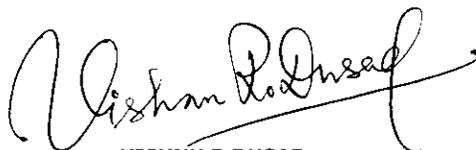


NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Notes Ref.	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
1. REVENUE FROM OPERATIONS					
Sales and services	2.12	475,785,979	555,542,378	294,511,521	300,881,751
2. OTHER INCOME	2.13	504	7,796	312	4,222
3. TOTAL REVENUE (1+2)		475,786,483	555,550,174	294,511,833	300,885,973
4. EXPENSES					
a. Employee benefits expenses	2.14	218,997,856	79,348,552	135,559,673	42,975,176
b. Operating and other expenses	2.15	214,918,150	449,256,425	133,034,334	243,317,280
c. Finance cost	2.16	290,558	465,937	179,855	252,352
d. Depreciation and amortisation expense	2.6	2,283,261	2,254,610	1,413,339	1,221,097
TOTAL EXPENSES		436,489,825	531,325,524	270,187,201	287,765,905
5. PROFIT BEFORE TAX (3-4)		39,296,658	24,224,650	24,324,632	13,120,068
6. TAX EXPENSE					
a. Current tax expense		8,879,822	3,052,306	5,496,610	1,653,129
b. Withholding taxes charged off		1,964,155	-	1,215,812	-
c. Tax expense relating to prior years		1,022,594	-	632,986	-
NET CURRENT TAX EXPENSE		11,866,571	3,052,306	7,345,408	1,653,129
7. PROFIT FOR THE PERIOD (5-6)		27,430,087	21,172,344	16,979,224	11,466,939
8. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic and Diluted	2.18	137,150	105,862	84,896	57,335
Number of shares used in computing earnings per share		200	200	200	200

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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
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Place : New Delhi
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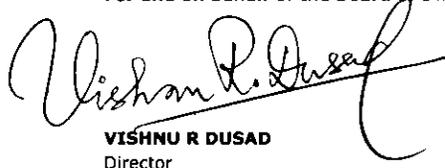


NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Notes Ref.	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
A. Cash flow from operating activities				
Net Profit / (loss) before tax	39,296,658	24,224,650	24,324,632	13,120,068
<i>Adjustments for:</i>				
Depreciation and amortisation expense	2,283,261	2,254,610	1,413,339	1,221,097
Interest income on deposits with banks	(504)	(562)	(312)	(304)
Exchange difference on translation of foreign currency accounts	846,625	5,318,592	(1,353,343)	4,204,757
Interest expense	-	238,546	-	129,197
Operating Profit / (loss) before working capital changes	42,426,040	32,035,836	24,384,316	18,674,815
Adjustment for (increase)/decrease in operating assets				
Trade receivables	42,618,033	(24,222,203)	26,380,562	(13,118,745)
Long-term loans and advances	(201,000)	(11,800)	(124,419)	(6,391)
Short-term loans and advances	104,841	1,915,801	64,897	1,037,598
Other current assets	1,340,090	(360,386)	829,516	(195,185)
Adjustment for increase/ (decrease) in operating liabilities				
Trade payables	(10,952,897)	(13,685,414)	(6,779,843)	(7,412,020)
Other current liabilities	(23,875,669)	(392,837)	(14,779,039)	(212,761)
Taxes paid (net)	5,906,264	1,667,391	3,655,977	903,059
Net cash from / (used in) operating activities (A)	45,553,174	(6,388,394)	26,320,013	(2,135,748)
B. Cash flow from investing activities				
Purchase of fixed assets	-	(253,162)	-	(137,113)
Interest income on deposits with banks	504	562	312	304
Net cash from / (used in) Investing activities (B)	504	(252,600)	312	(136,809)
C. Cash flow from financing activities				
Repayment of term loan	-	(14,400,000)	-	(7,799,040)
Interest paid on term loan	-	(238,546)	-	(129,197)
Net cash from / (used in) Financing activities (C)	-	(14,638,546)	-	(7,928,237)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	45,553,678	(21,279,540)	26,320,325	(10,200,794)
Cash and cash equivalents at the beginning of the year	12,631,649	34,331,533	7,451,410	17,879,862
Exchange difference on translation of foreign currency accounts	(621,684)	(420,344)	(384,822)	(227,658)
Cash and cash equivalents at the end of the year	57,563,643	12,631,649	33,386,913	7,451,410

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

For and on behalf of the Board of Directors


VISHNU R DUSAD
Director


RAVI PRATAP SINGH
Director

Place : New Delhi
Date : 25 April 2017



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

Note 1:

1.1 Company Overview

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

1.2 Significant accounting policies

(i) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 as applicable. Adopted consistently by the company.

All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 129(3) of the Companies Act, 2013 and the Balance Sheet has been restated to Indian rupees at exchange rate prevailing on the last day of the financial year and the statement of Profit and Loss and the Cash flow statement have been restated on the average exchange rate for the financial year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

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

(iii) Cash flow statement

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

(iv) Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(v) Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(vi) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The management's estimates of the useful lives of the various fixed assets in use are as follows:

Asset category	Useful life (in years)
Computers	3
Furniture and fixtures	5
Office Equipments	5
Software	3

(vii) 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.

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

(viii) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised as Income or Expense in the statement of Profit and Loss. Monetary assets and liabilities are restated at the exchange rate prevalent at the date of balance sheet. The resulting gain/loss is recognized in the statement of Profit and Loss.

(ix) Employee benefits

Short-Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders related service.

(x) Operating leases

Lease payments under operating lease are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(xi) Earnings per share

Basic earnings per share are computed by dividing the Profit / Loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Profit / Loss after Tax by the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.

(xii) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of applicable local tax laws.

Income taxes are accrued in the same period the related revenue and expenses arise. The differences that result between the taxable profit and the profit as per the financial statements are identified and thereafter deferred tax assets or deferred tax liabilities are recorded as timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date for realisability.

(xiii) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

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

(xiv) Provisions and Contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

(xv) Consumption Tax input tax credit

Consumption Tax is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(xvi) Operating Cycle

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

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

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.1 SHARE CAPITAL				
a. Authorised				
200 (previous year 200) equity shares of JPY 50,000 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>5,800,000</u>	<u>5,899,000</u>
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)	<u>10,000,000</u>	<u>10,000,000</u>	<u>5,800,000</u>	<u>5,899,000</u>
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	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
- Amount	10,000,000	10,000,000	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				
Nucleus Software Exports Limited				
- Number of Shares	200	200	200	200
- Percentage	100%	100%	100%	100%
- Amount	10,000,000	10,000,000	5,800,000	5,899,000
2.2 RESERVES AND SURPLUS				
a. Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance	36,483,710	15,311,366	24,162,534	12,695,595
Add: Profit/ (Loss) for the year	27,430,087	21,172,344	16,979,224	11,466,939
Closing balance	<u>63,913,797</u>	<u>36,483,710</u>	<u>41,141,758</u>	<u>24,162,534</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(3,359,647)	(4,721,435)
Add / (Less) : Effect of Foreign Exchange rate variations	-	-	(712,109)	1,361,788
Closing balance	<u>-</u>	<u>-</u>	<u>(4,071,756)</u>	<u>(3,359,647)</u>
	<u>63,913,797</u>	<u>36,483,710</u>	<u>37,070,002</u>	<u>20,802,887</u>

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

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.3 TRADE PAYABLES				
a. Trade payables				
i) Total outstanding dues of micro enterprises and small enterprises (See note below)	-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17,286,650	19,161,000	10,026,257	11,303,074
b. Due to Holding Company	31,841,582	26,323,201	18,468,118	16,246,908
c. Due to fellow subsidiary	2,158,917	16,582,804	1,252,172	9,782,196
	51,287,149	62,067,005	29,746,547	37,332,178
Note:	The Company has no amounts payable to micro, small and medium enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			
2.4 OTHER CURRENT LIABILITIES				
a. Advance from customers/ Advance billing	1,578,413	22,560,790	915,480	13,308,610
b. Other payables - statutory liabilities	5,312,291	8,205,583	3,081,129	4,840,473
	6,890,704	30,766,373	3,996,609	18,149,083
2.5 SHORT-TERM PROVISIONS				
Provision for Income Tax [Net of Advance Tax of JPY 2,037,200 (previous year 2,169,991)]	6,842,622	882,315	3,968,721	520,478

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

2.6 Fixed Assets (At Cost)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/ AMORTISATION			NET BLOCK		
	As at	Additions	Currency	As at	For the	Currency	As at	As at	As at
	1 April 2016		Translation	31 March 2017	Year	Translation	31 March 2017	31 March 2017	31 March 2016
Tangible assets	930,200	-	-	930,200	7,120	-	913,206	16,994	24,114
Office equipment	(930,200)	-	-	(930,200)	(11,890)	-	(906,086)	(24,114)	(36,004)
Computers	2,740,658	-	-	2,740,658	293,305	-	2,527,333	213,325	506,630
	(2,538,358)	(202,300)	-	(2,740,658)	(254,939)	-	(2,234,028)	(506,630)	(559,269)
Furniture and fixtures	849,621	-	-	849,621	25,000	-	781,674	67,947	92,947
	(849,621)	-	-	(849,621)	(41,040)	-	(756,674)	(92,947)	(133,987)
Lease Hold Improvements	5,763,002	-	-	5,763,002	1,921,000	-	5,605,110	157,892	2,078,892
	(5,763,002)	-	-	(5,763,002)	(1,921,000)	-	(3,684,110)	(2,078,892)	(3,999,892)
Intangible assets	10,283,481	-	-	10,283,481	2,246,425	-	9,827,323	456,158	2,702,583
Software	(10,081,181)	(202,300)	(-)	(10,283,481)	(2,228,869)	(-)	(7,580,898)	(2,702,583)	(4,729,152)
	1,047,413	(50,862)	-	1,047,413	36,836	-	1,006,053	41,360	78,196
	(996,551)	(50,862)	-	(1,047,413)	(25,741)	-	(969,217)	(78,196)	(53,075)
Total	11,330,894	-	-	11,330,894	2,282,261	-	10,833,376	497,518	2,780,779
	(11,077,732)	(253,162)	(-)	(11,330,894)	(2,254,610)	(-)	(8,550,115)	(2,780,779)	(2,780,779)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/ AMORTISATION			NET BLOCK		
	As at	Additions	Currency	As at	For the	Currency	As at	As at	As at
	1 April 2016		Translation	31 March 2017	Year	Translation	31 March 2017	31 March 2017	31 March 2016
Tangible assets	548,725	-	(9,209)	539,516	4,407	(9,248)	529,659	9,857	14,225
Office equipment	(484,448)	-	(64,277)	(548,725)	(6,440)	(62,363)	(534,500)	(14,225)	(18,751)
Computers	1,616,714	-	(27,132)	1,589,582	181,556	(33,556)	1,465,853	123,729	298,861
	(1,321,977)	(109,566)	(185,171)	(1,616,714)	(138,075)	(149,068)	(1,317,853)	(298,861)	(291,267)
Furniture and fixtures	501,191	-	(8,411)	492,780	15,475	(8,466)	453,371	39,410	54,830
	(442,483)	-	(58,708)	(501,191)	(22,227)	(51,433)	(446,362)	(54,830)	(69,781)
Lease Hold Improvements	3,399,595	-	(57,054)	3,342,541	1,189,099	(111,391)	3,250,964	91,576	1,226,339
	(3,001,371)	-	(398,224)	(3,399,595)	(1,040,414)	(214,614)	(2,173,256)	(1,226,338)	(2,083,143)
Intangible assets	6,066,225	-	(101,806)	5,964,419	1,390,537	(162,661)	5,699,847	264,572	1,594,255
Software	(5,250,279)	(109,566)	(706,380)	(6,066,225)	(1,207,156)	(477,478)	(4,471,971)	(1,594,254)	(2,462,942)
	617,869	-	(10,369)	607,500	22,802	(11,032)	583,511	23,989	46,128
	(519,004)	(27,547)	(71,318)	(617,869)	(13,941)	(66,438)	(571,741)	(46,128)	(27,642)
Total	6,684,094	-	(112,175)	6,571,919	1,413,339	(173,693)	6,283,358	288,561	1,640,383
	(5,769,283)	(137,113)	(777,698)	(6,584,094)	(1,221,057)	(543,916)	(5,043,712)	(1,640,382)	(1,640,382)

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

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

Particulars	As at	As at	As at	As at
	31 March 2017 (JPY)	31 March 2016 (JPY)	31 March 2017 (Rupees)	31 March 2016 (Rupees)
2.7 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Security deposits	12,006,340	11,805,340	6,963,677	6,963,970
	12,006,340	11,805,340	6,963,677	6,963,970
2.8 TRADE RECEIVABLES (Unsecured, considered good)				
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-	-	-
b. Other trade receivables (refer note 2.19)	46,366,126	88,984,159	26,892,353	52,491,755
	46,366,126	88,984,159	26,892,353	52,491,755
2.9 CASH AND CASH EQUIVALENTS				
a. Balances with non scheduled banks in current accounts :				
- Bank of Tokyo Mitsubishi	2,219,944	5,299,677	1,287,568	3,126,279
- Shinsei Bank	46,516	46,580	26,979	27,478
- Citibank	55,297,183	7,285,392	32,072,366	4,297,653
	57,563,643	12,631,649	33,386,913	7,451,410
2.10 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Loans and advances to employee	-	167,687	-	98,919
b. Prepaid expenses	857,294	794,448	497,231	468,645
	857,294	962,135	497,231	567,564
2.11 OTHER CURRENT ASSETS (Unsecured)				
Service Income accrued but not due				
- considered good	21,643,351	23,035,341	12,553,144	13,588,545
- considered doubtful	<u>1,206,557</u>	<u>1,206,557</u>	<u>699,803</u>	<u>711,748</u>
	22,849,908	24,241,898	13,252,947	14,300,293
Less : Provision for service income accrued but not due	<u>(1,206,557)</u>	<u>(1,206,557)</u>	<u>(699,803)</u>	<u>(711,748)</u>
	21,643,351	23,035,341	12,553,144	13,588,545
	21,643,351	23,035,341	12,553,144	13,588,545

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

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	(JPY)	(JPY)	(Rupees)	(Rupees)
2.12 SALES AND SERVICES				
a. Software development services	396,799,284	446,806,009	245,618,757	241,990,134
b. Service income for software development from holding company	10,003,432	18,599,812	6,192,124	10,073,658
c. Service income for sales & marketing fee from holding Company	68,983,263	90,136,557	42,700,640	48,817,959
	475,785,979	555,542,378	294,511,521	300,881,751
2.13 OTHER INCOME				
a. Interest income on deposits with banks	504	562	312	304
b. Interest income on tax refund	-	7,234	-	3,918
	504	7,796	312	4,222
2.14 EMPLOYEE BENEFITS EXPENSE				
a. Salaries and wages	206,664,108	71,478,273	127,925,083	38,712,633
b. Contribution to social security fund	8,245,841	7,666,940	5,104,176	4,152,415
c. Staff welfare expenses	4,087,907	203,339	2,530,414	110,128
	218,997,856	79,348,552	135,559,673	42,975,176
2.15 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	132,144,607	332,943,298	81,797,512	180,322,090
b. Power and fuel	308,665	436,842	191,064	236,594
c. Rent (see note 2.20)	58,958,971	72,996,721	36,495,603	39,535,024
d. Repair and maintenance				
- Building	1,567,724	1,449,701	970,421	785,158
- Others	144,768	22,821	89,611	12,360
e. Insurance	485,857	943,492	300,745	510,995
f. Rates and taxes	-	15,112	-	8,185
g. Travelling	6,240,871	4,592,376	3,863,099	2,487,231
h. Advertisement and business promotion	344,905	3,073,819	213,496	1,664,780
i. Legal and Professional (see note 2.17)	5,839,593	9,651,371	3,614,708	5,227,183
j. Training & Recruitment expenses	324,000	17,611,145	200,556	9,538,196
k. Conveyance	381,404	1,507,616	236,089	816,525
l. Communication	2,009,397	2,369,846	1,243,817	1,283,509
m. Printing and Stationery	527,001	436,055	326,214	236,167
n. Loss on foreign currency transaction and translation (net)	1,910,983	952,452	1,182,898	515,848
o. Customer Claims	3,441,349	-	2,130,195	-
p. Miscellaneous expenses	288,055	253,758	178,306	137,435
	214,918,150	449,256,425	133,034,334	243,317,280
2.16 FINANCE COST				
a. Bank charges	290,558	227,391	179,855	123,155
b. Interest on borrowings	-	238,546	-	129,197
	290,558	465,937	179,855	252,352
2.17 PROFESSIONAL EXPENSES INCLUDE:				
Audit fees (excluding service tax)	862,069	2,119,003	500,000	1,250,000
2.18 EARNINGS PER SHARE				
Basic and Diluted				
a. Profit after tax	27,430,087	21,172,344	16,979,224	11,466,939
b. Weighted average number of equity shares	200	200	200	200
c. Earnings per share	137,150	105,862	84,896	57,335

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

2.19 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.

Particulars	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
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Transactions with related parties

a. Sales and Service Income from Holding Company

Software Development Service income	10,003,432	18,599,812	6,192,124	10,073,658
Sales & Marketing Service Income	68,983,263	90,136,557	42,700,640	48,817,959

b. Outsourced technical service expenses

Holding Company				
- Nucleus Software Exports Limited	74,153,910	117,482,123	45,901,270	63,628,318
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	189,486,207	-	102,625,730
- Virstra I Technology Services Ltd.	42,094,146		26,056,276	

c. Reimbursement of expenses

From Holding Company				
- Nucleus Software Exports Limited	-	133,333	-	72,213
From fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	379,532	-	205,555
To Holding Company				
- Nucleus Software Exports Limited	90,510,841	944,599	56,026,211	511,595
To fellow subsidiary company				
- Virstra I Technology Services Ltd.	61,008,680	-	37,764,373	-

d. Repayment of Long-term borrowings

Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	14,400,000	-	7,799,040

e. Interest on Borrowings

Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd.	-	238,546	-	129,197

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
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Balances outstanding as at year end

a. Trade receivables

Holding Company				
- Nucleus Software Exports Limited	21,589,820	26,673,200	12,522,096	16,350,954
Fellow subsidiary company				
- Virstra I Technology Services Ltd.	1,069,100	-	620,078	-

b. Trade payables

Holding Company				
- Nucleus Software Exports Limited	31,841,582	26,323,201	18,468,118	16,246,908
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	16,582,804	-	9,782,196
- Virstra I Technology Services Ltd.	2,158,917	-	1,252,172	-

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

2.20 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 58,958,971 (previous year JPY 72,996,721). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at	As at	As at	As at
	31 March 2017 (JPY)	31 March 2016 (JPY)	31 March 2017 (Rupees)	31 March 2016 (Rupees)
Lease obligations payable				
a. Not later than 1 year	1,445,200	8,671,200	838,216	5,115,141
b. Later than 1 year but not later than 5 years	-	1,445,200	-	852,523
	1,445,200	10,116,400	838,216	5,967,664

2.21 FUNCTION WISE CLASSIFICATION OF THE STATEMENT OF PROFIT AND LOSS

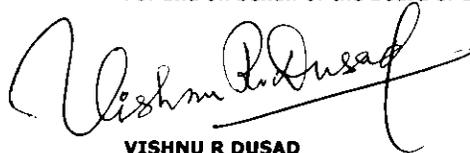
Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2017 (JPY)	31 March 2016 (JPY)	31 March 2017 (Rupees)	31 March 2016 (Rupees)
Sales and services	475,785,979	555,542,378	294,511,521	300,881,751
Software development expenses	361,636,690	442,755,869	223,853,111	239,796,579
Gross Profit	114,149,289	112,786,509	70,658,410	61,085,172
Selling and marketing expenses	60,095,049	80,485,961	37,198,835	43,591,197
General and administration expenses	12,474,825	5,829,084	7,721,916	3,157,032
Operating profit/ (loss) before depreciation	41,579,415	26,471,464	25,737,659	14,336,943
Depreciation	2,283,261	2,254,610	1,413,339	1,221,097
Operating profit/ (loss) after depreciation	39,296,154	24,216,854	24,324,320	13,115,846
Other income	504	7,796	312	4,222
Profit/ (loss) before taxation	39,296,658	24,224,650	24,324,632	13,120,068
Net current tax expense	11,866,571	3,052,306	7,345,408	1,653,129
Profit/ (loss) after taxation	27,430,087	21,172,344	16,979,224	11,466,939

2.22 SEGMENT REPORTING

Based on the guiding principles stated in Accounting Standard 17 - "Segment Reporting" as specified under section 133 of the Act as applicable, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting is required in the financial statements.

2.23 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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

Place : New Delhi
Date : 25 April 2017



NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
BALANCE SHEET AS AT 31 MARCH 2017

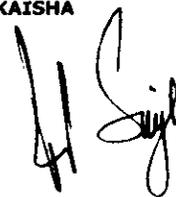
	Notes Ref.	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
EQUITY AND LIABILITIES					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	10,000,000	10,000,000	5,800,000	5,899,000
b. Reserves and surplus	2.2	63,913,797	36,483,710	37,070,002	20,802,887
		73,913,797	46,483,710	42,870,002	26,701,887
2. CURRENT LIABILITIES					
a. Trade payables	2.3				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		51,287,149	62,067,005	29,746,547	37,332,178
b. Other current liabilities	2.4	6,890,704	30,766,373	3,996,609	18,149,083
c. Short-term provisions	2.5	6,842,622	882,315	3,968,721	520,478
		65,020,475	93,715,693	37,711,877	56,001,739
		138,934,272	140,199,403	80,581,879	82,703,626
ASSETS					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.6	456,158	2,702,583	264,572	1,594,254
- Intangible assets	2.6	41,360	78,196	23,989	46,128
		497,518	2,780,779	288,561	1,640,382
b. Long-term loans and advances	2.7	12,006,340	11,805,340	6,963,677	6,963,970
		12,503,858	14,586,119	7,252,238	8,604,352
2. CURRENT ASSETS					
a. Trade receivables	2.8	46,366,126	88,984,159	26,892,353	52,491,755
b. Cash and cash equivalents	2.9	57,563,643	12,631,649	33,386,913	7,451,410
c. Short-term loans and advances	2.10	857,294	962,135	497,231	567,564
d. Other current assets	2.11	21,643,351	23,035,341	12,553,144	13,588,545
		126,430,414	125,613,284	73,329,641	74,099,274
		138,934,272	140,199,403	80,581,879	82,703,626

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

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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

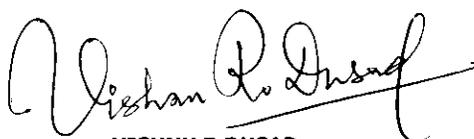
Place : New Delhi
Date : 25 April 2017

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Notes Ref.	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
1. REVENUE FROM OPERATIONS					
Sales and services	2.12	475,785,979	555,542,378	294,511,521	300,881,751
2. OTHER INCOME	2.13	504	7,796	312	4,222
3. TOTAL REVENUE (1+2)		475,786,483	555,550,174	294,511,833	300,885,973
4. EXPENSES					
a. Employee benefits expenses	2.14	218,997,856	79,348,552	135,559,673	42,975,176
b. Operating and other expenses	2.15	214,918,150	449,256,425	133,034,334	243,317,280
c. Finance cost	2.16	290,558	465,937	179,855	252,352
d. Depreciation and amortisation expense	2.6	2,283,261	2,254,610	1,413,339	1,221,097
TOTAL EXPENSES		436,489,825	531,325,524	270,187,201	287,765,905
5. PROFIT BEFORE TAX (3-4)		39,296,658	24,224,650	24,324,632	13,120,068
6. TAX EXPENSE					
a. Current tax expense		8,879,822	3,052,306	5,496,610	1,653,129
b. Withholding taxes charged off		1,964,155	-	1,215,812	-
c. Tax expense relating to prior years		1,022,594	-	632,986	-
NET CURRENT TAX EXPENSE		11,866,571	3,052,306	7,345,408	1,653,129
7. PROFIT FOR THE PERIOD (5-6)		27,430,087	21,172,344	16,979,224	11,466,939
8. EARNINGS PER EQUITY SHARE					
Equity shares of JPY 50,000 each					
a. Basic and Diluted	2.18	137,150	105,862	84,896	57,335
Number of shares used in computing earnings per share		200	200	200	200

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

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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

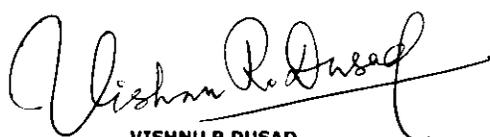
Place : New Delhi
Date : 25 April 2017

NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Notes Ref.	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
A. Cash flow from operating activities				
Net Profit / (loss) before tax	39,296,658	24,224,650	24,324,632	13,120,068
<i>Adjustments for:</i>				
Depreciation and amortisation expense	2,283,261	2,254,610	1,413,339	1,221,097
Interest income on deposits with banks	(504)	(562)	(312)	(304)
Exchange difference on translation of foreign currency accounts	846,625	5,318,592	(1,353,343)	4,204,757
Interest expense	-	238,546	-	129,197
Operating Profit / (loss) before working capital changes	42,426,040	32,035,836	24,384,316	18,674,815
<i>Adjustment for (increase)/decrease in operating assets</i>				
Trade receivables	42,618,033	(24,222,203)	26,380,562	(13,118,745)
Long-term loans and advances	(201,000)	(11,800)	(124,419)	(6,391)
Short-term loans and advances	104,841	1,915,801	64,897	1,037,598
Other current assets	1,340,090	(360,386)	829,516	(195,185)
<i>Adjustment for increase/ (decrease) in operating liabilities</i>				
Trade payables	(10,952,897)	(13,685,414)	(6,779,843)	(7,412,020)
Other current liabilities	(23,875,669)	(392,837)	(14,779,039)	(212,761)
Taxes paid (net)	5,906,264	1,667,391	3,655,977	903,059
Net cash from / (used in) operating activities (A)	45,553,174	(6,388,394)	26,320,013	(2,135,748)
B. Cash flow from investing activities				
Purchase of fixed assets	-	(253,162)	-	(137,113)
Interest income on deposits with banks	504	562	312	304
Net cash from / (used in) Investing activities (B)	504	(252,600)	312	(136,809)
C. Cash flow from financing activities				
Repayment of term loan	-	(14,400,000)	-	(7,799,040)
Interest paid on term loan	-	(238,546)	-	(129,197)
Net cash from / (used in) Financing activities (C)	-	(14,638,546)	-	(7,928,237)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	45,553,678	(21,279,540)	26,320,325	(10,200,794)
Cash and cash equivalents at the beginning of the year	12,631,649	34,331,533	7,451,410	17,879,862
Exchange difference on translation of foreign currency accounts	(621,684)	(420,344)	(384,822)	(227,658)
Cash and cash equivalents at the end of the year	57,563,643	12,631,649	33,386,913	7,451,410

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

For and on behalf of the Board of Directors



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

Place : New Delhi
Date : 25 April 2017

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

Note 1:

1.1 Company Overview

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

1.2 Significant accounting policies

(i) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 as applicable. Adopted consistently by the company.

All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements have been prepared for the purpose of compliance with the provisions of Section 129(3) of the Companies Act, 2013 and the Balance Sheet has been restated to Indian rupees at exchange rate prevailing on the last day of the financial year and the statement of Profit and Loss and the Cash flow statement have been restated on the average exchange rate for the financial year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

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

(iii) Cash flow statement

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

(iv) Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(v) Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(vi) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The management's estimates of the useful lives of the various fixed assets in use are as follows:

Asset category	Useful life (in years)
Computers	3
Furniture and fixtures	5
Office Equipments	5
Software	3

(vii) 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.

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

(viii) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised as Income or Expense in the statement of Profit and Loss. Monetary assets and liabilities are restated at the exchange rate prevalent at the date of balance sheet. The resulting gain/loss is recognized in the statement of Profit and Loss.

(ix) Employee benefits

Short-Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders related service.

(x) Operating leases

Lease payments under operating lease are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(xi) Earnings per share

Basic earnings per share are computed by dividing the Profit / Loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Profit / Loss after Tax by the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.

(xii) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of applicable local tax laws.

Income taxes are accrued in the same period the related revenue and expenses arise. The differences that result between the taxable profit and the profit as per the financial statements are identified and thereafter deferred tax assets or deferred tax liabilities are recorded as timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date for realisability.

(xiii) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

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

(xiv) Provisions and Contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

(xv) Consumption Tax input tax credit

Consumption Tax is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(xvi) Operating Cycle

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

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

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.1 SHARE CAPITAL				
a. Authorised				
200 (previous year 200) equity shares of JPY 50,000 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>5,800,000</u>	<u>5,899,000</u>
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)	<u>10,000,000</u>	<u>10,000,000</u>	<u>5,800,000</u>	<u>5,899,000</u>
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	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
- Amount	10,000,000	10,000,000	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				
Nucleus Software Exports Limited				
- Number of Shares	200	200	200	200
- Percentage	100%	100%	100%	100%
- Amount	10,000,000	10,000,000	5,800,000	5,899,000
2.2 RESERVES AND SURPLUS				
a. Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance	36,483,710	15,311,366	24,162,534	12,695,595
Add: Profit/ (Loss) for the year	27,430,087	21,172,344	16,979,224	11,466,939
Closing balance	<u>63,913,797</u>	<u>36,483,710</u>	<u>41,141,758</u>	<u>24,162,534</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(3,359,647)	(4,721,435)
Add / (Less) : Effect of Foreign Exchange rate variations	-	-	(712,109)	1,361,788
Closing balance	<u>-</u>	<u>-</u>	<u>(4,071,756)</u>	<u>(3,359,647)</u>
	<u>63,913,797</u>	<u>36,483,710</u>	<u>37,070,002</u>	<u>20,802,887</u>

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

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.3 TRADE PAYABLES				
a. Trade payables				
i) Total outstanding dues of micro enterprises and small enterprises (See note below)	-	-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17,286,650	19,161,000	10,026,257	11,303,074
b. Due to Holding Company	31,841,582	26,323,201	18,468,118	16,246,908
c. Due to fellow subsidiary	2,158,917	16,582,804	1,252,172	9,782,196
	<u>51,287,149</u>	<u>62,067,005</u>	<u>29,746,547</u>	<u>37,332,178</u>
Note:	The Company has no amounts payable to micro, small and medium enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			
2.4 OTHER CURRENT LIABILITIES				
a. Advance from customers/ Advance billing	1,578,413	22,560,790	915,480	13,308,610
b. Other payables - statutory liabilities	5,312,291	8,205,583	3,081,129	4,840,473
	<u>6,890,704</u>	<u>30,766,373</u>	<u>3,996,609</u>	<u>18,149,083</u>
2.5 SHORT-TERM PROVISIONS				
Provision for Income Tax [Net of Advance Tax of JPY 2,037,200 (previous year 2,169,991)]	6,842,622	882,315	3,968,721	520,478

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

2.6 Fixed Assets (At Cost)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/ AMORTISATION			NET BLOCK		
	As at	As at	As at	As at	For the	As at	As at	As at	
	1 April 2016	31 March 2017	1 April 2016	31 March 2017	Year	31 March 2017	31 March 2017	31 March 2016	
	Additions	Currency Translation		Currency Translation					
Tangible assets									
Office equipment	930,200 (930,200)	-	906,086 (894,196)	930,200 (930,200)	7,120 (11,890)	913,206 (906,086)	16,994 (24,114)	24,114 (36,004)	
Computers	2,740,658 (2,538,358)	(202,300)	2,234,028 (1,979,089)	2,740,658 (2,740,658)	293,305 (254,939)	2,527,333 (2,234,028)	213,325 (506,630)	506,630 (559,269)	
Furniture and fixtures	849,621 (849,621)	-	756,674 (715,634)	849,621 (849,621)	25,000 (41,040)	781,674 (756,674)	67,947 (92,947)	92,947 (133,987)	
Lease Hold Improvements	5,763,002 (5,763,002)	-	3,684,110 (1,763,110)	5,763,002 (5,763,002)	1,921,000 (1,921,000)	5,605,110 (3,684,110)	157,892 (2,078,892)	2,078,892 (3,999,892)	
	10,283,481 (10,081,181)	(202,300)	7,580,898 (5,352,029)	10,283,481 (10,283,481)	2,246,425 (2,228,869)	9,827,323 (7,580,898)	456,158 (2,702,583)	2,702,583 (4,729,152)	
Intangible assets									
Software	1,047,413 (996,551)	(50,862)	969,217 (943,476)	1,047,413 (1,047,413)	36,836 (25,741)	1,006,053 (969,217)	41,360 (78,196)	78,196 (53,075)	
Total	11,330,894 (11,077,732)	(253,162)	8,550,115 (6,295,505)	11,330,894 (11,330,894)	2,283,261 (2,254,610)	10,833,376 (8,550,115)	497,518 (2,780,779)	2,780,779	

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION/ AMORTISATION			NET BLOCK		
	As at	As at	As at	As at	For the	As at	As at	As at	
	1 April 2016	31 March 2017	1 April 2016	31 March 2017	Year	31 March 2017	31 March 2017	31 March 2016	
	Additions	Currency Translation		Currency Translation					
Tangible assets									
Office equipment	548,725 (484,448)	-	534,500 (465,697)	539,516 (548,725)	4,407 (6,440)	529,659 (534,500)	9,857 (14,225)	14,225 (18,751)	
Computers	1,616,714 (1,321,977)	(109,566)	1,317,853 (1,030,710)	1,589,582 (1,616,714)	181,556 (138,075)	1,465,853 (1,317,853)	123,729 (298,861)	298,861 (291,267)	
Furniture and fixtures	501,191 (442,483)	-	446,362 (372,702)	492,780 (501,191)	15,475 (22,227)	453,371 (446,362)	39,410 (54,830)	54,830 (69,781)	
Lease Hold Improvements	3,399,595 (3,001,371)	-	2,173,256 (918,228)	3,342,541 (3,399,595)	1,189,099 (1,040,414)	3,250,964 (2,173,256)	91,576 (1,226,338)	1,226,339 (2,083,143)	
	6,066,225 (5,250,279)	(109,566)	4,471,971 (2,787,337)	5,964,419 (6,066,225)	1,390,537 (1,207,156)	5,699,847 (4,471,971)	264,572 (1,594,254)	1,594,255 (2,462,942)	
Intangible assets									
Software	617,869 (519,004)	(27,547)	571,741 (491,362)	607,500 (617,869)	22,802 (13,941)	583,511 (571,741)	23,989 (46,128)	46,128 (27,642)	
Total	6,684,094 (5,769,283)	(137,113)	5,043,712 (3,278,699)	6,571,919 (6,684,094)	1,413,339 (1,221,097)	6,283,358 (5,043,712)	288,561 (1,640,382)	1,640,383	

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

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

Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)
2.7 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Security deposits	12,006,340	11,805,340	6,963,677	6,963,970
	<u>12,006,340</u>	<u>11,805,340</u>	<u>6,963,677</u>	<u>6,963,970</u>
2.8 TRADE RECEIVABLES (Unsecured, considered good)				
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-	-	-
b. Other trade receivables (refer note 2.19)	46,366,126	88,984,159	26,892,353	52,491,755
	<u>46,366,126</u>	<u>88,984,159</u>	<u>26,892,353</u>	<u>52,491,755</u>
2.9 CASH AND CASH EQUIVALENTS				
a. Balances with non scheduled banks in current accounts :				
- Bank of Tokyo Mitsubishi	2,219,944	5,299,677	1,287,568	3,126,279
- Shinsei Bank	46,516	46,580	26,979	27,478
- Citibank	55,297,183	7,285,392	32,072,366	4,297,653
	<u>57,563,643</u>	<u>12,631,649</u>	<u>33,386,913</u>	<u>7,451,410</u>
2.10 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Loans and advances to employee	-	167,687	-	98,919
b. Prepaid expenses	857,294	794,448	497,231	468,645
	<u>857,294</u>	<u>962,135</u>	<u>497,231</u>	<u>567,564</u>
2.11 OTHER CURRENT ASSETS (Unsecured)				
Service income accrued but not due				
- considered good	21,643,351	23,035,341	12,553,144	13,588,545
- considered doubtful	<u>1,206,557</u>	<u>1,206,557</u>	<u>699,803</u>	<u>711,748</u>
	22,849,908	24,241,898	13,252,947	14,300,293
Less : Provision for service income accrued but not due	<u>(1,206,557)</u>	<u>(1,206,557)</u>	<u>(699,803)</u>	<u>(711,748)</u>
	21,643,351	23,035,341	12,553,144	13,588,545
	<u>21,643,351</u>	<u>23,035,341</u>	<u>12,553,144</u>	<u>13,588,545</u>

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
	(JPY)	(JPY)	(Rupees)	(Rupees)
2.12 SALES AND SERVICES				
a. Software development services	396,799,284	446,806,009	245,618,757	241,990,134
b. Service income for software development from holding company	10,003,432	18,599,812	6,192,124	10,073,658
c. Service income for sales & marketing fee from holding Company	68,983,263	90,136,557	42,700,640	48,817,959
	475,785,979	555,542,378	294,511,521	300,881,751
2.13 OTHER INCOME				
a. Interest income on deposits with banks	504	562	312	304
b. Interest income on tax refund	-	7,234	-	3,918
	504	7,796	312	4,222
2.14 EMPLOYEE BENEFITS EXPENSE				
a. Salaries and wages	206,664,108	71,478,273	127,925,083	38,712,633
b. Contribution to social security fund	8,245,841	7,666,940	5,104,176	4,152,415
c. Staff welfare expenses	4,087,907	203,339	2,530,414	110,128
	218,997,856	79,348,552	135,559,673	42,975,176
2.15 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expenses	132,144,607	332,943,298	81,797,512	180,322,090
b. Power and fuel	308,665	436,842	191,064	236,594
c. Rent (see note 2.20)	58,958,971	72,996,721	36,495,603	39,535,024
d. Repair and maintenance				-
- Building	1,567,724	1,449,701	970,421	785,158
- Others	144,768	22,821	89,611	12,360
e. Insurance	485,857	943,492	300,745	510,995
f. Rates and taxes	-	15,112	-	8,185
g. Travelling	6,240,871	4,592,376	3,863,099	2,487,231
h. Advertisement and business promotion	344,905	3,073,819	213,496	1,664,780
i. Legal and Professional (see note 2.17)	5,839,593	9,651,371	3,614,708	5,227,183
j. Training & Recruitment expenses	324,000	17,611,145	200,556	9,538,196
k. Conveyance	381,404	1,507,616	236,089	816,525
l. Communication	2,009,397	2,369,846	1,243,817	1,283,509
m. Printing and Stationery	527,001	436,055	326,214	236,167
n. Loss on foreign currency transaction and translation (net)	1,910,983	952,452	1,182,898	515,848
o. Customer Claims	3,441,349	-	2,130,195	-
p. Miscellaneous expenses	288,055	253,758	178,306	137,435
	214,918,150	449,256,425	133,034,334	243,317,280
2.16 FINANCE COST				
a. Bank charges	290,558	227,391	179,855	123,155
b. Interest on borrowings	-	238,546	-	129,197
	290,558	465,937	179,855	252,352
2.17 PROFESSIONAL EXPENSES INCLUDE:				
Audit fees (excluding service tax)	862,069	2,119,003	500,000	1,250,000
2.18 EARNINGS PER SHARE				
Basic and Diluted				
a. Profit after tax	27,430,087	21,172,344	16,979,224	11,466,939
b. Weighted average number of equity shares	200	200	200	200
c. Earnings per share	137,150	105,862	84,896	57,335

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

2.19 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.

Particulars	Year ended 31 March 2017 (JPY)	Year ended 31 March 2016 (JPY)	Year ended 31 March 2017 (Rupees)	Year ended 31 March 2016 (Rupees)
Transactions with related parties				
a. Sales and Service Income from Holding Company				
Software Development Service income	10,003,432	18,599,812	6,192,124	10,073,658
Sales & Marketing Service income	68,983,263	90,136,557	42,700,640	48,817,959
b. Outsourced technical service expenses				
Holding Company				
- Nucleus Software Exports Limited	74,153,910	117,482,123	45,901,270	63,628,318
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	189,486,207	-	102,625,730
- Virstra I Technology Services Ltd.	42,094,146	-	26,056,276	-
c. Reimbursement of expenses				
From Holding Company				
- Nucleus Software Exports Limited	-	133,333	-	72,213
From fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	379,532	-	205,555
To Holding Company				
- Nucleus Software Exports Limited	90,510,841	944,599	56,026,211	511,595
To fellow subsidiary company				
- Virstra I Technology Services Ltd.	61,008,680	-	37,764,373	-
d. Repayment of Long-term borrowings				
Fellow subsidiary company				
- Nucleus Software Solutions Pte. Ltd.	-	14,400,000	-	7,799,040
e. Interest on Borrowings				
Fellow Subsidiary Company				
- Nucleus Software Solutions Pte Ltd.	-	238,546	-	129,197
Particulars	As at 31 March 2017 (JPY)	As at 31 March 2016 (JPY)	As at 31 March 2017 (Rupees)	As at 31 March 2016 (Rupees)

Balances outstanding as at year end

a. Trade receivables

Holding Company

- Nucleus Software Exports Limited

21,589,820

26,673,200

12,522,096

16,350,954

Fellow subsidiary company

- Virstra I Technology Services Ltd.

1,069,100

-

620,078

-

b. Trade payables

Holding Company

- Nucleus Software Exports Limited

31,841,582

26,323,201

18,468,118

16,246,908

Fellow subsidiary company

- Nucleus Software Solutions Pte. Ltd.

-

16,582,804

-

9,782,196

- Virstra I Technology Services Ltd.

2,158,917

-

1,252,172

-

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

2.20 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 58,958,971 (previous year JPY 72,996,721). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at	As at	As at	As at
	31 March 2017 (JPY)	31 March 2016 (JPY)	31 March 2017 (Rupees)	31 March 2016 (Rupees)
Lease obligations payable				
a. Not later than 1 year	1,445,200	8,671,200	838,216	5,115,141
b. Later than 1 year but not later than 5 years	-	1,445,200	-	852,523
	1,445,200	10,116,400	838,216	5,967,664

2.21 FUNCTION WISE CLASSIFICATION OF THE STATEMENT OF PROFIT AND LOSS

Particulars	Year ended	Year ended	Year ended	Year ended
	31 March 2017 (JPY)	31 March 2016 (JPY)	31 March 2017 (Rupees)	31 March 2016 (Rupees)
Sales and services	475,785,979	555,542,378	294,511,521	300,881,751
Software development expenses	361,636,690	442,755,869	223,853,111	239,796,579
Gross Profit	114,149,289	112,786,509	70,658,410	61,085,172
Selling and marketing expenses	60,095,049	80,485,961	37,198,835	43,591,197
General and administration expenses	12,474,825	5,829,084	7,721,916	3,157,032
Operating profit/ (loss) before depreciation	41,579,415	26,471,464	25,737,659	14,336,943
Depreciation	2,283,261	2,254,610	1,413,339	1,221,097
Operating profit/ (loss) after depreciation	39,296,154	24,216,854	24,324,320	13,115,846
Other income	504	7,796	312	4,222
Profit/ (loss) before taxation	39,296,658	24,224,650	24,324,632	13,120,068
Net current tax expense	11,866,571	3,052,306	7,345,408	1,653,129
Profit/ (loss) after taxation	27,430,087	21,172,344	16,979,224	11,466,939

2.22 SEGMENT REPORTING

Based on the guiding principles stated in Accounting Standard 17 – "Segment Reporting" as specified under section 133 of the Act as applicable, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting is required in the financial statements.

2.23 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



VISHNU R DUSAD
Director



RAVI PRATAP SINGH
Director

Place : New Delhi
Date : 25 April 2017