

**NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA**  
**BALANCE SHEET AS AT 31 MARCH 2023**

| Particulars   | Notes | As at<br>31 March 2023 | As at<br>31 March 2022 |
|---|-------|------------------------|------------------------|
|   |       | (JPY)                  | (JPY)                  |
| <b>ASSETS</b>   |       |                        |                        |
| <b>Non-current assets</b>                                       |       |                        |                        |
| Property, plant and equipment                                   | 2.1   | 1,539,969              | 351,770                |
| Other Intangible assets   | 2.1   | -                      | -                      |
| Right to Use Assets   | 2.2   | -                      | 1,473,274              |
| <b>Financial assets</b>   |       |                        |                        |
| Other financial assets  | 2.3   | 7,434,538              | 7,325,428              |
| Deferred tax asset  | 2.4   | 180,000                | 180,000                |
| Income tax Assets (net)   | 2.5   | -                      | 3,278,900              |
|   |       | <b>9,154,507</b>       | <b>12,609,372</b>      |
| <b>Current Assets</b>   |       |                        |                        |
| Financial assets  |       |                        |                        |
| Trade receivables   | 2.6   | 36,103,768             | 37,574,391             |
| Cash and cash equivalents                                       | 2.7   | 12,848,766             | 19,617,803             |
| Other current assets  | 2.8   | 4,976,584              | 10,466,922             |
|   |       | <b>53,929,118</b>      | <b>67,659,116</b>      |
| <b>TOTAL ASSETS</b>   |       | <b>63,083,625</b>      | <b>80,268,488</b>      |
| <b>EQUITY &amp; LIABILITIES</b>                                 |       |                        |                        |
| <b>EQUITY</b>   |       |                        |                        |
| Equity Share capital  | 2.9   | 10,000,000             | 10,000,000             |
| Other equity  | 2.10  | 48,038,292             | 58,688,295             |
|   |       | <b>58,038,292</b>      | <b>68,688,295</b>      |
| <b>LIABILITIES</b>  |       |                        |                        |
| <b>Non-current liabilities</b>                                  |       |                        |                        |
| Financial liabilities   |       |                        |                        |
| Provisions  | 2.11  | 500,000                | 500,000                |
| <b>Current liabilities</b>                                      |       |                        |                        |
| Financial liabilities   |       |                        |                        |
| Trade payables  | 2.12  | 2,212,919              | 3,019,268              |
| Lease liability Payable   | 2.2   | -                      | 1,491,375              |
| Other Financial Liabilities                                     | 2.13  | 388,483                | 2,650,964              |
| Other current liabilities                                       | 2.14  | 1,873,931              | 3,918,586              |
| Current tax liabilities (net)                                   | 2.15  | 70,000                 | -                      |
|   |       | <b>4,545,333</b>       | <b>11,080,193</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |       | <b>63,083,625</b>      | <b>80,268,488</b>      |
| 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

Place : Noida  
Date : 25 May 2023

**NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023**

|   | Notes | Year ended<br>31 March 2023 | Year ended<br>31 March 2022 |
|---|-------|-----------------------------|-----------------------------|
|   |       | (JPY)                       | (JPY)                       |
| <b>1. REVENUE FROM OPERATIONS</b>                     |       |                             |                             |
| Income from software product and services             | 2.16  | 223,037,874                 | 245,198,661                 |
| <b>2. OTHER INCOME</b>                                | 2.17  | 154,611                     | 426,619                     |
| <b>3. TOTAL REVENUE (1+2)</b>                         |       | <b>223,192,485</b>          | <b>245,625,280</b>          |
| <b>4. EXPENSES</b>                                    |       |                             |                             |
| a. Employee benefits expenses                         | 2.18  | 203,733,605                 | 211,222,128                 |
| b. Operating and other expenses                       | 2.19  | 21,371,797                  | 27,889,240                  |
| c. Finance cost                                       | 2.20  | 541,626                     | 1,214,484                   |
| d. Depreciation and amortisation expense              | 2.1   | 1,915,864                   | 9,108,626                   |
| <b>TOTAL EXPENSES</b>                                 |       | <b>227,562,892</b>          | <b>249,434,478</b>          |
| <b>5. PROFIT/(LOSS) BEFORE TAX (3-4)</b>              |       | <b>(4,370,407)</b>          | <b>(3,809,198)</b>          |
| <b>6. TAX EXPENSE</b>                                 |       | <b>6,279,596</b>            | <b>7,152,329</b>            |
| a. Current tax expense                                |       | 70,000                      | (235,756)                   |
| b. Withholding taxes charged off                      |       | 6,139,596                   | 7,388,085                   |
| c. Tax expense relating to prior years                |       | 70,000                      | -                           |
| <b>NET CURRENT TAX EXPENSE</b>                        |       | <b>6,279,596</b>            | <b>7,152,329</b>            |
| <b>7. NET PROFIT/(LOSS) FOR THE YEAR (5-6)</b>        |       | <b>(10,650,003)</b>         | <b>(10,961,527)</b>         |
| <b>8. EARNINGS PER EQUITY SHARE</b>                   |       |                             |                             |
| Equity shares of JPY 50,000 each                      |       |                             |                             |
| a. Basic  |       | (53,250)                    | (54,808)                    |
| b. Diluted  |       | (53,250)                    | (54,808)                    |
| Number of shares used in computing earnings per share |       |                             |                             |
| a. Basic  |       | 200                         | 200                         |
| b. Diluted  |       | 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**

**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 25 May 2023

**NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023**

**A. Equity Share Capital**

(Amount in JPY)

|                                   | Changes in equity share capital during the year | Balance as on 31 March 2023 |
|-----------------------------------|---|-----------------------------|
| <b>Balance as of 1 April 2022</b> |   |                             |
| 10,000,000                        | -   | 10,000,000                  |

(Amount in JPY)

|                                   | Changes in equity share capital during the year | Balance as on 31 March 2022 |
|-----------------------------------|---|-----------------------------|
| <b>Balance as of 1 April 2021</b> |   |                             |
| 10,000,000                        | -   | 10,000,000                  |

**B. Other Equity**

(Amount in JPY)

|                                    | Reserves and Surplus | Total             |
|------------------------------------|----------------------|-------------------|
|                                    | Retained earnings    |                   |
| <b>Balance as of 1 April 2022</b>  | <b>58,688,295</b>    | <b>58,688,295</b> |
| Profit/(Loss) for the year         | (10,650,003)         | (10,650,003)      |
| <b>Balance as of 31 March 2023</b> | <b>48,038,292</b>    | <b>48,038,292</b> |

(Amount in JPY)

|                                    | Reserves and Surplus | Total             |
|------------------------------------|----------------------|-------------------|
|                                    | Retained earnings    |                   |
| <b>Balance as of 1 April 2021</b>  | 69,649,822           | 69,649,822        |
| Profit/(Loss) for the year         | (10,961,527)         | (10,961,527)      |
| <b>Balance as of 31 March 2022</b> | <b>58,688,295</b>    | <b>58,688,295</b> |

See accompanying notes forming part of the financial statements

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

**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 25 May 2023

**NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

|  | Notes | Year ended<br>31 March 2023<br>(JPY) | Year ended<br>31 March 2022<br>(JPY) |
|--|-------|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities</b>                        |       |                                      |                                      |
| Net Profit / (loss) before tax                                       |       | (4,370,407)                          | (3,809,198)                          |
| <i>Adjustments for:</i>  |       |                                      |                                      |
| Depreciation and amortisation expense                                |       | 1,915,864                            | 9,108,626                            |
| Interest income on deposits with banks                               |       | (85)                                 | (64)                                 |
| Exchange difference on translation of foreign currency accounts      |       | (39,094)                             | (35,558)                             |
| Lease Assets Finance charges   |       | 17,266                               | 568,963                              |
| <b>Operating Profit / (loss) before working capital changes</b>      |       | <b>(2,476,456)</b>                   | <b>5,832,769</b>                     |
| Adjustment for (increase)/decrease in operating assets               |       |                                      |                                      |
| Trade receivables  |       | 1,470,623                            | (11,516,021)                         |
| Other Financial asset  |       | (109,110)                            | 3,076,370                            |
| Other assets   |       | 5,490,338                            | (2,427,135)                          |
| Adjustment for increase/ (decrease) in operating liabilities         |       |                                      |                                      |
| Trade payables   |       | (806,349)                            | (20,162,515)                         |
| Other Financial liabilities  |       | (2,262,481)                          | 1,385,406                            |
| Other liabilities  |       | (2,044,655)                          | (1,671,123)                          |
| Taxes paid (net)   |       | 2,930,696                            | 11,690,986                           |
| <b>Net cash from / (used in) operating activities (A)</b>            |       | <b>(3,668,786)</b>                   | <b>(37,173,235)</b>                  |
| <b>B. Cash flow from investing activities</b>                        |       |                                      |                                      |
| Purchase of fixed assets   |       | (1,630,800)                          | (240,780)                            |
| Interest income on deposits with banks                               |       | 85                                   | 64                                   |
| <b>Net cash from / (used in) Investing activities (B)</b>            |       | <b>(1,630,715)</b>                   | <b>(240,716)</b>                     |
| <b>C. Cash flow from financing activities</b>                        |       |                                      |                                      |
| Principal repayment of lease liabilities                             |       | (1,491,364)                          | (8,482,889)                          |
| Interest paid on lease liabilities                                   |       | (17,266)                             | (568,963)                            |
| <b>Net cash from / (used in) Financing activities (C)</b>            |       | <b>(1,508,630)</b>                   | <b>(9,051,852)</b>                   |
| <b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b> |       | <b>(6,808,131)</b>                   | <b>(46,465,803)</b>                  |
| <b>Cash and cash equivalents at the beginning of the year</b>        | 2.7   | <b>19,617,803</b>                    | <b>66,048,048</b>                    |
| Exchange difference on translation of foreign currency accounts      |       | 39,094                               | 35,558                               |
| <b>Cash and cash equivalents at the end of the year</b>              | 2.7   | <b>12,848,766</b>                    | <b>19,617,803</b>                    |
| 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  
Place : Noida  
Date : 25 May 2023

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

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**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 25 May, 2023.

**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:

| <b>Items</b>  | <b>Measurement Basis</b> |
|---|--------------------------|
| 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 2.1
- 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.

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

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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

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

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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:

| <b>Asset category</b>                                   | <b>Management estimate of useful life (in years)</b> | <b>Useful life as per Schedule II(in years)</b> |
|---|--|---|
| <b>Tangible asset</b>                                   |  |   |
| 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. 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.

**vi. 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.

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

**2.1 Property, plant and equipment**

(Amount in JPY)

| PARTICULARS              | GROSS CARRYING AMOUNT                  |                                      |                             |                         | ACCUMULATED DEPRECIATION/ AMORTISATION |  |                                    |                         | NET CARRYING AMOUNT                    |                                      |                                    |
|--------------------------|--|--------------------------------------|-----------------------------|-------------------------|--|--|------------------------------------|-------------------------|--|--------------------------------------|------------------------------------|
|                          | As at<br>1 April 2022                  | Additions                            | Deductions /<br>adjustments | Currency<br>Translation | As at<br>31 March 2023                 | As at<br>1 April 2022                  | For the<br>Year                    | Currency<br>Translation | As at<br>31 March 2023                 | As at<br>31 March 2023               | As at<br>31 March 2022             |
| <b>Tangible assets</b>   |  |                                      |                             |                         |  |  |                                    |                         |  |                                      |                                    |
| Office equipment         | 24,114<br>(24,114)                     | -<br>-                               | -<br>-                      | -<br>-                  | 24,114<br>(24,114)                     | 24,114<br>(24,114)                     | -<br>-                             | -<br>-                  | 24,114<br>(24,114)                     | -<br>-                               | -<br>-                             |
| Computers                | 1,390,939<br>(1,150,159)               | 1,630,800<br>(240,780)               | -<br>-                      | -<br>-                  | 3,021,739<br>(1,390,939)               | 1,039,169<br>(771,298)                 | 442,601<br>(267,871)               | -<br>-                  | 1,481,770<br>(1,039,169)               | 1,539,969<br>(351,770)               | 351,770<br>(378,861)               |
| Furniture and fixtures   | 92,947<br>(92,947)                     | -<br>-                               | -<br>-                      | -<br>-                  | 92,947<br>(92,947)                     | 92,947<br>(92,947)                     | -<br>-                             | -<br>-                  | 92,947<br>(92,947)                     | -<br>-                               | -<br>-                             |
| Lease Hold Improvements  | 2,215,620<br>(2,215,620)               | -<br>-                               | -<br>-                      | -<br>-                  | 2,215,620<br>(2,215,620)               | 2,215,620<br>(2,215,620)               | -<br>-                             | -<br>-                  | 2,215,620<br>(2,215,620)               | -<br>-                               | -<br>-                             |
|                          | <b>3,723,620</b><br><b>(3,482,840)</b> | <b>1,630,800</b><br><b>(240,780)</b> | -<br>-                      | -<br>-                  | <b>5,354,420</b><br><b>(3,723,620)</b> | <b>3,371,850</b><br><b>(3,103,979)</b> | <b>442,601</b><br><b>(267,871)</b> | -<br>-                  | <b>3,814,451</b><br><b>(3,371,850)</b> | <b>1,539,969</b><br><b>(351,770)</b> | <b>351,770</b><br><b>(378,861)</b> |
| <b>Intangible assets</b> |  |                                      |                             |                         |  |  |                                    |                         |  |                                      |                                    |
| Software                 | <b>78,196</b><br>(78,196)              | -<br>-                               | -<br>-                      | -<br>-                  | <b>78,196</b><br>(78,196)              | <b>78,196</b><br>(75,357)              | -<br>(2,839)                       | -<br>-                  | <b>78,196</b><br>(78,196)              | -<br>-                               | -<br>(2,839)                       |
| <b>Total</b>             | <b>3,801,816</b><br><b>(3,561,036)</b> | <b>1,630,800</b><br><b>(240,780)</b> | -<br>-                      | -<br>-                  | <b>5,432,616</b><br><b>(3,801,816)</b> | <b>3,450,046</b><br><b>(3,179,336)</b> | <b>442,601</b><br><b>(270,710)</b> | -<br>-                  | <b>3,892,647</b><br><b>(3,450,046)</b> | <b>1,539,969</b><br><b>(351,770)</b> | <b>351,770</b><br><b>(381,700)</b> |

(i) Figures in bracket pertains to previous year.

**NUCLEUS SOFTWARE JAPAN K K**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**2.2 Changes in right of use assets / lease liabilities**

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2023:

| <b>Particulars</b> | <b>As at<br/>31 March 2023</b> | <b>As at<br/>31 March 2022</b> |
|--------------------|--------------------------------|--------------------------------|
|                    | <b>(JPY)</b>                   | <b>(JPY)</b>                   |
| Opening Balance    | 1,473,274                      | 10,311,190                     |
| Additions          | -                              | -                              |
| Amortization       | 1,473,274                      | 8,837,916                      |
| Closing Balance    | -                              | <b>1,473,274</b>               |

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 2023

| <b>Particulars</b>            | <b>As at<br/>31 March 2023</b> | <b>As at<br/>31 March 2022</b> |
|-------------------------------|--------------------------------|--------------------------------|
|                               | <b>(JPY)</b>                   | <b>(JPY)</b>                   |
| Current lease liabilities     | -                              | 1,491,375                      |
| Non-current lease liabilities | -                              | -                              |
| <b>Total</b>                  | -                              | <b>1,491,375</b>               |

The following is the movement in lease liabilities during the year ended 31 March 2023:

| <b>Particulars</b>                     | <b>As at<br/>31 March 2023</b> | <b>As at<br/>31 March 2022</b> |
|--|--------------------------------|--------------------------------|
|  | <b>(JPY)</b>                   | <b>(JPY)</b>                   |
| Opening Balance                        | 1,491,375                      | 9,974,264                      |
| Additions                              | -                              | -                              |
| Finance cost accrued during the period | 17,266                         | 568,963                        |
| Payment of lease liabilities           | 1,508,641                      | 9,051,852                      |
| Closing Balance                        | -                              | <b>1,491,375</b>               |

The table below provides details regarding future lease payments as at 31 March 2023 on an undiscounted basis:

| <b>Particulars</b>                           | <b>As at<br/>31 March 2023</b> | <b>As at<br/>31 March 2022</b> |
|--|--------------------------------|--------------------------------|
|  | <b>(JPY)</b>                   | <b>(JPY)</b>                   |
| Not later than 1 year                        | -                              | 1,508,641                      |
| Later than 1 year but not later than 5 years | -                              | -                              |
| More than 5 year                             | -                              | -                              |
| <b>Total</b>                                 | -                              | <b>1,508,641</b>               |

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.

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

| Particulars   | As at<br>31 March 2023<br>(JPY) | As at<br>31 March 2022<br>(JPY) |
|---|---------------------------------|---------------------------------|
| <b>2.3 OTHER FINANCIAL ASSETS</b><br>(Unsecured, considered good) |                                 |                                 |
| a. Security deposits  | 7,434,538                       | 7,325,428                       |
|   | <b>7,434,538</b>                | <b>7,325,428</b>                |
| <b>2.4 DEFERRED TAX</b><br>(Unsecured, considered good)           |                                 |                                 |
| a. Deferred Tax asset on Asset retirement obligation              | 180,000                         | 180,000                         |
|   | <b>180,000</b>                  | <b>180,000</b>                  |
| <b>2.5 INCOME TAX ASSETS</b>                                      |                                 |                                 |
| a. Income Tax Assets (net)  | -                               | 3,278,900                       |
|   | <b>-</b>                        | <b>3,278,900</b>                |
| <b>2.6 TRADE RECEIVABLES</b><br>(Unsecured, considered good)      |                                 |                                 |
| a. Considered good  | 36,103,768                      | 37,574,391                      |
|   | <b>36,103,768</b>               | <b>37,574,391</b>               |
| <b>2.7 CASH AND CASH EQUIVALENTS</b>                              |                                 |                                 |
| a. Balances with non scheduled banks in current accounts :        |                                 |                                 |
| - Bank of Tokyo Mitsubishi  | 2,469,813                       | 8,188,025                       |
| - Shinsei Bank  | -                               | 47,756                          |
| - Citibank  | 10,378,953                      | 11,382,022                      |
|   | <b>12,848,766</b>               | <b>19,617,803</b>               |
| <b>2.8 OTHER CURRENT ASSETS</b><br>(Unsecured)                    |                                 |                                 |
| a. Prepaid expenses   | 906,288                         | 911,211                         |
| b. Loans and advances to employee                                 | 197,240                         | -                               |
| c. Balance with government authorities                            |                                 |                                 |
| - considered good   | -                               | 2,534,979                       |
| - considered doubtful   | -                               | -                               |
|   | -                               | 2,534,979                       |
| d. Service income accrued but not due                             |                                 |                                 |
| - considered good   | 3,873,056                       | 7,020,732                       |
| - considered doubtful   | -                               | -                               |
|   | 3,873,056                       | 7,020,732                       |
| Less : Provision for service income<br>accrued but not due        | -                               | -                               |
|   | 3,873,056                       | 7,020,732                       |
|   | <b>4,976,584</b>                | <b>10,466,922</b>               |

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

| Particulars   | As at<br>31 March 2023<br>(JPY) | As at<br>31 March 2022<br>(JPY) |
|---|---------------------------------|---------------------------------|
| <b>2.9 SHARE CAPITAL</b>  |                                 |                                 |
| <b>a. Authorised</b>  |                                 |                                 |
| 200 (previous year 200) equity shares of JPY 50,000 each  | <b>10,000,000</b>               | <b>10,000,000</b>               |
| <b>b. Issued, subscribed and fully paid-up</b>  |                                 |                                 |
| 200 (previous year 200) equity shares of JPY 50,000 each, held by Nucleus Software Exports Limited (The Holding Company)      | <b>10,000,000</b>               | <b>10,000,000</b>               |
| Refer notes (i) to (iii) below  |                                 |                                 |
| <b>(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :</b>            |                                 |                                 |
| As at the beginning of the year   |                                 |                                 |
| - Number of Shares  | 200                             | 200                             |
| - Amount  | 10,000,000                      | 10,000,000                      |
| Shares issues/ (bought back) during the year  |                                 |                                 |
| - Number of Shares  | -                               | -                               |
| - Amount  | -                               | -                               |
| As at the end of the year   |                                 |                                 |
| - Number of Shares  | 200                             | 200                             |
| - Amount  | 10,000,000                      | 10,000,000                      |
| <b>(ii) Rights, preferences and restrictions attached to shares</b>   |                                 |                                 |
| The company has one class of equity shares having par value of JPY 50,000 each. Each shareholder is eligible for one vote per |                                 |                                 |
| <b>(iii) Details of shares held by the Holding Company</b>  |                                 |                                 |
| Nucleus Software Exports Limited  |                                 |                                 |
| - Number of Shares  | 200                             | 200                             |
| - Percentage  | 100%                            | 100%                            |
| - Amount  | 10,000,000                      | 10,000,000                      |
| <b>2.10 OTHER EQUITY</b>  |                                 |                                 |
| Retained Earnings   | 48,038,292                      | 58,688,295                      |
| Other Comprehensive Income-Currency translation reserve   | -                               | -                               |
|   | <b>48,038,292</b>               | <b>58,688,295</b>               |

| Particulars   | Year ended<br>31 March 2023<br>(JPY) | Year ended<br>31 March 2022<br>(JPY) |
|---|--------------------------------------|--------------------------------------|
| <b>a. Retained Earnings</b>   |                                      |                                      |
| Opening Balance   | 58,688,295                           | 69,649,822                           |
| Add: Profit/ (Loss) for the year  | (10,650,003)                         | (10,961,527)                         |
| <b>Less: Appropriation</b>  |                                      |                                      |
| Dividend payment  | -                                    | -                                    |
| Closing balance   | <b>48,038,292</b>                    | <b>58,688,295</b>                    |
| <b>b. Other Comprehensive Income</b>                                      |                                      |                                      |
| Currency Translation Reserve  |                                      |                                      |
| Opening Balance   | -                                    | -                                    |
| Add / (Less) : Effect of Foreign Exchange rate variations during the Year | -                                    | -                                    |
| Closing balance   | -                                    | -                                    |
|   | <b>48,038,292</b>                    | <b>58,688,295</b>                    |

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

| Particulars  | As at<br>31 March 2023<br>(JPY) | As at<br>31 March 2022<br>(JPY) |
|--|---------------------------------|---------------------------------|
| <b>2.11 OTHER NON-CURRENT LIABILITIES</b>  |                                 |                                 |
| a. Provisions - Provision for Asset retirement obligation                                  | 500,000                         | 500,000                         |
|  | <b>500,000</b>                  | <b>500,000</b>                  |
| <b>2.12 TRADE PAYABLES</b>   |                                 |                                 |
| 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 | 2,212,919                       | 3,019,268                       |
| b. Due to Holding Company  | -                               | -                               |
|  | <b>2,212,919</b>                | <b>3,019,268</b>                |
| <b>2.13 OTHER FINANCIAL LIABILITIES</b>  |                                 |                                 |
| a. Other employee payables   | 388,483                         | 2,650,964                       |
|  | <b>388,483</b>                  | <b>2,650,964</b>                |
| <b>2.14 OTHER CURRENT LIABILITIES</b>  |                                 |                                 |
| a. Advance from customers/ Advance billing   | -                               | 3,918,586                       |
| b. Other payables - statutory liabilities  | 1,873,931                       | -                               |
| c. Dividend payable  | -                               | -                               |
|  | <b>1,873,931</b>                | <b>3,918,586</b>                |
| <b>2.15 CURRENT TAX LIABILITES (NET)</b>   |                                 |                                 |
| a. Provision for Income Tax  | 70,000                          | -                               |
|  | <b>70,000</b>                   | <b>-</b>                        |

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

| Particulars  | Year ended<br>31 March 2023<br>(JPY) | Year ended<br>31 March 2022<br>(JPY) |
|--|--------------------------------------|--------------------------------------|
| <b>2.16 SALES AND SERVICES</b>                                   |                                      |                                      |
| a. Software development services                                 | 135,915,149                          | 145,627,504                          |
| b. Service income for software development from holding company  | 57,876,925                           | 69,646,358                           |
| c. Service income for sales & marketing fee from holding Company | 29,245,800                           | 29,924,799                           |
|  | <b>223,037,874</b>                   | <b>245,198,661</b>                   |
| <b>2.17 OTHER INCOME</b>   |                                      |                                      |
| a. Interest income on deposits with banks                        | 85                                   | 64                                   |
| b. Interest Income- Security Depositi- amortised cost            | 127,319                              | 511,120                              |
| c. Gain on foreign currency transaction and translation (net)    | 27,207                               | (84,565)                             |
|  | <b>154,611</b>                       | <b>426,619</b>                       |
| <b>2.18 EMPLOYEE BENEFITS EXPENSE</b>                            |                                      |                                      |
| a. Salaries and wages  | 179,126,381                          | 184,489,164                          |
| b. Contribution to social security fund                          | 24,465,006                           | 16,257,658                           |
| c. Staff welfare expenses  | 142,218                              | 10,475,306                           |
|  | <b>203,733,605</b>                   | <b>211,222,128</b>                   |
| <b>2.19 OPERATING AND OTHER EXPENSES</b>                         |                                      |                                      |
| a. Power and fuel  | 112,903                              | 165,701                              |
| b. Rent (see note 2.25)  | 7,434,000                            | 10,642,180                           |
| c. Repair and maintenance  |                                      |                                      |
| d. - Building  | 109,210                              | 84,561                               |
| - Others   | 19,000                               | 39,526                               |
| Insurance  | 891,898                              | 189,304                              |
| e. Rates and taxes   | 64,945                               | 73,336                               |
| f. Travelling  | 1,192,249                            | 148,260                              |
| g. Advertisement and business promotion                          | 57,144                               | 392,793                              |
| h. Legal and Professional  | 2,974,388                            | 5,329,535                            |
| i. Training & Recruitment expenses                               | 7,050,000                            | 8,582,538                            |
| j. Conveyance  | 47,631                               | 162,727                              |
| k. Communication   | 1,163,803                            | 1,741,939                            |
| l. Printing and Stationery                                       | 124,781                              | 200,270                              |
| m. Miscellaneous expenses  | 129,845                              | 136,570                              |
|  | <b>21,371,797</b>                    | <b>27,889,240</b>                    |
| <b>2.20 FINANCE COST</b>   |                                      |                                      |
| a. Bank charges  | 524,360                              | 645,521                              |
| b. Lease Assets Finance charges                                  | 17,266                               | 568,963                              |
|  | <b>541,626</b>                       | <b>1,214,484</b>                     |
| <b>2.21 PROFESSIONAL EXPENSES INCLUDE:</b>                       |                                      |                                      |
| Audit fees (excluding tax)                                       | 625,170                              | 754,603                              |
| <b>2.22 EARNINGS PER SHARE</b>                                   |                                      |                                      |
| <b>Basic and Diluted</b>   |                                      |                                      |
| a. Profit after tax  | (10,650,003)                         | (10,961,527)                         |
| b. Weighted average number of equity shares                      | 200                                  | 200                                  |
| c. Earnings per share  | (53,250)                             | (54,808)                             |

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

**2.23 RELATED PARTY TRANSACTIONS**

**List of related parties – where control exists**

- a. Holding company**  
- Nucleus Software Exports Limited

| <b>Particulars</b>                                      | <b>Year ended<br/>31 March 2023</b> | <b>Year ended<br/>31 March 2022</b> |
|---|-------------------------------------|-------------------------------------|
|   | <b>(JPY)</b>                        | <b>(JPY)</b>                        |
| <b>Transactions with related parties</b>                |                                     |                                     |
| <b>a. Sales and Service Income from Holding Company</b> |                                     |                                     |
| Software Development Service income                     | 57,876,925                          | 69,646,358                          |
| Sales & Marketing Service income                        | 29,245,800                          | 29,924,799                          |
| <b>b. Reimbursement of expenses</b>                     |                                     |                                     |
| From Holding Company                                    |                                     |                                     |
| - Nucleus Software Exports Limited                      | -                                   | 67,000                              |
| To Holding Company                                      |                                     |                                     |
| - Nucleus Software Exports Limited                      | 2,203,486                           | 58,199,257                          |

| <b>Particulars</b> | <b>Year ended<br/>31 March 2023</b> | <b>Year ended<br/>31 March 2022</b> |
|--------------------|-------------------------------------|-------------------------------------|
|                    | <b>(JPY)</b>                        | <b>(JPY)</b>                        |

**Balances outstanding as at year end**

|                                    |         |           |
|------------------------------------|---------|-----------|
| <b>a. Trade receivables</b>        |         |           |
| Holding Company                    |         |           |
| - Nucleus Software Exports Limited | 196,215 | 3,524,661 |

**2.24** 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**

**VISHNU R DUSAD**  
Director

Place : Noida  
Date : 25 May 2023