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June 14, 2019

The Listing Department **The National Stock Exchange of India Ltd.** **Exchange Plaza, Bandra-Kurla Complex** **Bandra (E)** **Mumbai-400051.** **Fax Nos. 022-26598236/237/238**	**The Listing Department** **Bombay Stock Exchange Limited** **Phiroze Jeejeebhoy Towers,** **25th Floor, Dalal Street** **Mumbai-400001** **Fax No. 022-22722061/41/39**

Dear Sirs,

Ref: Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to the above mentioned subject, Please find the attached Annual Report for FY-18-19.

This is for your information and records.

Thanking You.

Yours Sincerely
FOR NUCLEUS SOFTWARE EXPORTS LIMITED

poonam bhasin

Digitally signed by poonam bhasin
DN: c=IN, o=Personal, cn=poonam bhasin, serialNumber=0fbaf9965dbdfd085307e567831654d401dced3f8cd68e04f046b39b2b532bba, postalCode=250002, 2.5.4.20=8d7ff276f293d8a3217e284a42f6e71bbc29c9254e2e9a20dbc2dae71c7eceb3, st=Uttar pradesh
Date: 2019.06.14 17:37:00 +05'30'

(POONAM BHASIN)
COMPANY SECRETARY

NUCLEUS SOFTWARE

TRANSFORMING
THE FUTURE OF FINANCIAL SERVICES

POWERED BY PEOPLE. DRIVEN BY VALUES

ANNUAL REPORT 2018-19

DRIVING INNOVATION IN FINANCIAL SERVICES GLOBALLY

3 DECADES
OF BANKING DOMAIN EXPERTISE

150
BANKS & FINANCIAL INSTITUTION CUSTOMERS ACROSS 50 COUNTRIES

26 M
TRANSACTIONS PROCESSED PER DAY

WORLDWIDE PRESENCE, GLOBAL KNOWLEDGE, LOCAL FOCUS

$200 B
VALUE OF LOANS MANAGED

1
NEW LOAN BOOKED EVERY SECOND

3 OF TOP 20
GLOBAL BANKS ARE OUR CUSTOMERS

CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS.

Certain statements in this Annual Report are based on assumptions and expectations of future events and may be considered as forward-looking statements. Such statements must be reviewed in conjunction with the risks that the Company faces. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to the Management perceptions

CHAIRMAN'S MESSAGE

S.M ACHARYA
CHAIRMAN

DEAR SHAREHOLDERS,

It is with pride I address you this year. I do so with a tremendous sense of gratitude to our company's employees across the world. I am delighted to be the part of this fantastic and dynamic organization. The hard work and customer trust sustained stand testimony to the team work of our employees.

As I look back on the last decade, we have witnessed a technological boom that has changed all areas of life including professional, personal and social. The banking and financial services industry has not escaped the transforming effects of rapid technological change. What was science fiction 10 years ago has become science fact today and, technology has changed the way we perceive life and interact with each other. Some members of the banking industry were reasonably good at adapting and integrating the technology changes in order to better serve their customers. There is a significant number in the industry who failed to keep up with the pace of change especially after the financial crisis as its attention was focused elsewhere.

On the other side, innovation was becoming a much reduced priority for the banks, technology index started to become a game changer in everyday business. Leveraging the new age technology and exploiting a regulatory regime that was, in many areas, quite permissive, Fintech firms began to offer consumers a totally new way to deal with financial solutions – a way that was far simpler, faster and easier than what traditional banks offered.

By bringing the innovative use of technology into the design and delivery of the financial services, Fintech firms transformed, and are still transforming. Blockchain, Artificial Intelligence and robot advisors are just a few examples of the innovations provided by Fintech firms. However, there is much more than just technology and its integration into the banking system. The Fintech firms introduced exceptional customer experiences, specifically in the most lucrative business areas that were typically offered by traditional banks.

TRANSFORMING CUSTOMER'S JOURNEY

With all the noise in the market about technology – from AI to blockchain – it is easy to get carried away with the hype. While technology is clearly important, we need to remember that customers remain at the core of financial services. Of course, financial services operate in the wider economy and as such, it is intrinsically linked to wider economic cycles. However, focusing on things that banks can exert more influence on; I think the biggest threat and opportunity will come from opening up of the chance to offer better financial services. Fintechs pose a large and growing threat to traditional players. Last year was a record year for Fintech investments – with more than $112 billion invested worldwide. The challenges posed by new regulations such as Open Banking, are also significant. But where some see challenges, others see opportunities. We are advising our customers on how to counter the threats while capitalising on these opportunities. The lending and transaction banking landscapes are complex and fast changing. Delivering the products and services that customers expect, demands a breadth and depth of functional coverage: breadth, because customers have wide ranging needs – from simple overdrafts to complex leasing agreements – and depth, because even the simplest overdraft is becoming increasingly complex. In transaction banking, the challenge of gaining the visibility that corporate treasurers need amid rising levels of volatility, is making a difficult problem even more complex. Our solutions address these issues for our customers. This is recognized and Nucleus is sought for its solid experience gained in the realm.

With unpredictable fast evolving customer behaviour and rapid advancements in technology, digital capabilities are now rapidly becoming table stakes. Lending is transforming beyond digital and the lenders of tomorrow must be ready to deliver unique and personalized experiences that customers of tomorrow will demand. With more than three decades of lending business domain expertise, Nucleus Software is contributing significantly to this revolution in the financial services industry. Nucleus FinnOne Neo Cloud combines the advanced capabilities of the 10 time winner of the world's best-selling lending solution with cloud based, model specific benefits. The solution, which provides end-to-end digital lending capability along with mobile apps and readily integrated analytics, has already been adopted by 25 leading financial services companies in India within the last 21 months.

But it is more than that – the pace of change of technology, the rise of an ever changing ecosystems and the regulators are all putting pressure on financial institutions. Old, monolithic, inflexible systems simply can't cope – they are difficult to change, costly to maintain and hard to integrate.

Nucleus solutions eliminate these hi-tech induced problems while also preparing our customers for the future. Whether they are large banks digitising their entire retail lending process end-to-end, or corporate banks providing advanced working capital finance solutions to multinationals or new market entrants disrupting their segment with loans approved in minutes, we serve them all.

Our solutions deliver the business agility today's lenders need to cater to the complex needs of lending to retail customers as well as large corporate and small-to-medium enterprises (SME) customers. We cover the complete loan lifecycle across multiple channels, including web portal and mobile. We are using cutting-edge machine learning and artificial intelligence capabilities in Nucleus Lending Analytics to enable lenders to make faster and more informed loan decisions through data visualisation and business insight generation.

With all the focus on technology, it can be easy to forget that financial services is a 'people business' – where customers rely on lenders to help them achieve their ambitions. And while a lot of attention is being paid to the potential negative implications of automation – for example, the list of professions that might be eliminated by new technology – we need to remember that automation transforms rather than destroys. Take for example, VisiCalc – the first spreadsheet software that was launched in 1979. It has been reported that it made hundreds of thousands of accounting clerks redundant. In the USA alone there are 400,000 fewer accounting clerks than in 1980 but there are also 600,000 more jobs for regular accountants because crunching the numbers became cheaper, more versatile and more powerful and hence the demand went up. Automation reshaped the workplace then and it continues to do so today. People are very adaptable and they are very creative. People are the driving force behind our success and that of our customers' success. The capability that Nucleus has to work on this adaptability and creativity is what our customers recognize and look for working with Nucleus. I would like to thank our customers for helping us learn with them to build a domain expertise essential for transformation. Their continuous support and the confidence they have demonstrated in us has helped us jointly create value that we are proud of.

OUR PEOPLE, OUR PRIDE

Nucleus Software is a company that truly supports and believes in its people. What makes Nucleus stand out is that Nucleus is convinced that every single employee has a stake in the company's success. We are very team-driven, and operate in a way that puts collective goals ahead of individual achievement. In last 3 decades, we have grown very quickly, and we continue to succeed because we are an agile organization that can rise to any challenge we may face. I am delighted to see that – from leadership to team members – everyone at Nucleus is very enthusiastic and fun to work with. We love what we do, and it shows in the strong relationships we have built with our customers. I am proud to be a part of this leading organization and pleased to witness that we keep on growing and keep on delivering great results all around the world.

AS WE GO ALONG...

Since our foundation in 1986, we have grown steadily, expanding into new markets and new countries, building all the time on our values-based approach. While technology continued to evolve continuously throughout this period, I think we are at an inflection point – where the combination of advanced technology and business expertise can deliver tremendous change. The key factor is in how to put it to use, how to use it to solve business problems for one's customers. I think we have proven ourselves in this regard over the last three decades and things will only accelerate from here.

We are a global business; with customers in more than 50 countries around the world. In the last year, we have seen significant traction in markets all over the world, including Vietnam, Indonesia, Kenya, the Middle East and India. The level of engagement from our customers continues to increase and we have seen some great opportunities coming in, building of course on our global footprint. We will continue to focus on our key markets, including India, South East Asia, the Middle East and Africa, as well as our growing markets in Australia and Europe. We are also looking at the Americas as we believe our solutions can help financial institutions in that region capitalise on the opportunities emerging in those regions that are created by digital disruption.

I would like to thank all our stakeholders, including investors, customers and employees. We look forward to the continued support of all stakeholders in this journey.

S. M. ACHARYA
CHAIRMAN

Date: April 23, 2019

MD'S MESSAGE

VISHNU R DUSAD
MANAGING DIRECTOR

DEAR SHAREHOLDERS,

Technology shifts are forcing business to transform. The intense increase in technological capabilities, fast evolving customer expectations, growing acceptance of disruptors and rising regulatory requirements are creating tremendous challenges and opportunities. Financial services firms are totally dependent on their technology infrastructures and are forecasted to spend nearly $300 billion per annum by 2021.

However, it might not be enough, or perhaps it is not being spent in the right areas, because Gartner recently reported that by 2030, digitization would make 80% of heritage financial services irrelevant – either going out of business, or becoming commoditized or existing formally but not competing effectively. Customers, based on their experiences with big tech companies are demanding seamless and personalized experiences in financial services.

Bain & Company's survey of consumers across 29 countries revealed that 54% of respondents trust at least one big tech company with their money more than banks in general. New technologies are driving change and a lot of traditional players face a choice of either becoming irrelevant or proactively disrupting their own business models to thrive in the future. As dramatic as these changes are, the winners will be those companies that leverage the right technology at the right time to deliver what their customers want. Creativity, expertise and experience will be crucial. In short, we must not forget the pivotal role humans play in this technological revolution.

At Nucleus Software, we have a deep understanding of the complex requirements of the banking and financial services industry because we have spent more than three decades helping some of the world's most innovative financial services companies leverage technology for business results. This expertise, combined with the technology edge, enabled us to create FinnOne Neo, the 10-time winner of the world's best-selling lending solution, and our ground-breaking transaction banking solution - FinnAxia. I am delighted to see our performance during the year. Our business has continued to accelerate and witnessed great traction in the international market. During the year, we signed significant deals with leading Banks in Australia, Africa, the Middle East and India for our lending and transaction banking solutions.

As businesses all over the world continue to their digital transformation journeys, our investment in new technologies has positioned us well to deliver more value to our customers. We also saw solid traction for our corporate banking solution – FinnAxia, as there has been a marked increase in engagement with many leading banks and other financial institutions globally. We continue to be delighted by the rapid growth and adoption of FinnOne Neo Cloud in the market. We are proud to report that we won awards for the 'Best Cloud Lending Solution' and also the 'Best Lending Technology Implementation of the Year' at the BFSI Innovative Technology Awards 2018. It demonstrates the tremendous impact that the combination of innovative technology and customer-centric business strategies can have on financial services. Innovation is vital for any technology leader and at Nucleus it is a part of our DNA. It is essential for sustainable growth.

Among the many initiatives designed to foster innovative entrepreneurship, we launched NucTech2018 with the theme of 'Inspiring Tech Innovation'. Our experts shared their views of how innovation can help shape the future of finance. A wide range of topics including Deep Learning, APIs, system architecture and immersive experience were covered during this event. The objective of this event was to share learning and expertise about some of the technologies and trends that are changing our world. As Nucleus sees it, the promise of technology is to empower people so that we can get closure to our vision of 'Making Financial Services Access, Easy and Enriching worldwide'.

FINANCIAL HIGHLIGHTS

In the Financial Year 2018-19 we recorded annual revenues of Rs. 484.03 crore against Rs. 411.81 crore for the previous year. Overall revenue in foreign currency including India Rupee revenue for the year is US$ 70.02 Million, against US$ 63.42 Million for the previous year. Product revenue for the year was up and it now represents 79% of total revenue at Rs. 383.27 crore, against 79% of total revenue at Rs 326.09 crore for the previous year. Our planned expenditure on strategic initiatives in product, marketing and sales and people yielded at 16.3% margins against 14.1% previous year. Consolidated net profit after tax (PAT) stood at Rs. 74.54 crore in comparison to Rs. 62.55 core in the previous year. Earnings per share (EPS) for the year at Rs. 25.67 in comparison to Rs. 20.47 in the previous year. Cash and cash equivalents, including investments in various schemes of mutual funds, fixed maturity plans, fixed deposits with banks, tax free bonds and preference shares are at Rs. 498.47 crore as on 31st March, 2019, as against Rs. 455.90 crore on 31st March, 2018.

BOARD CHANGE

Mr. Narayanan Subramaniam joined the Board of Directors of the Company in July 2012 and was appointed as an Independent Director at the Annual General Meeting held on July 8, 2014 for a term of 5 years. Accordingly, the tenure of Mr. Narayanan Subramaniam as an Independent Director of the Company, came to end on 31st March, 2019. Mr. Narayanan Subramaniam, has conveyed his desire not to seek re-appointment as Independent Director of the Company for a second term. The Board thanked him for his immense contribution and guidance in framing a strategic roadmap of the company during his tenure.

DEMONSTRATING EXPERTISE WORLDWIDE

Nucleus Software is a global business and our teams travelled worldwide to demonstrate our expertise and product offerings during the year. We participated in many leading Industry forums, including Australia, where we sponsored the 10th annual Australian Mortgage Innovation Summit 2019. We presented our views on "Transforming Lending for Tomorrow - Going Beyond Digital". Throughout the year we also hosted a number of roundtable sessions with industry leaders across a range of business segments. In South East Asia (SEA), we participated in the 8th Innovation and New Technology in Cash Management event hosted by Global Financial Markets Intelligence (GFMI). We conducted an exclusive Masterclass workshop focused on "Chasing Digital – A Digitization Playbook for Wholesale Banking".

Also in the Middle East, our team showcased its digital lending solutions at the Middle East Banking Innovation Summit 2018, (MEBIS) and addressed the session on "Transforming Financial Services Beyond Digital". We presented our views on the evolving nature of technology at the GCC Smart Government & Smart Cities conference –a global platform dedicated to shaping the future of government in Dubai. We sponsored the 61st RBAP Charter Anniversary Symposium 2018 in Philippines. Nucleus team shared expertise on how the unique combination of advanced lending technology and cloud can help rural banks in the Philippines in providing end-to-end digitized loan services, making better credit decisions faster, quickly scaling operations and ensuring faster compliance to regulatory requirements. We demonstrated how banks in Malaysia can leverage technologies such as artificial intelligence and analytics in payments to enable added security, speed and convenience for their corporate customers at the IDC Financial Insights' FinTech Innovation Summit 2018 in Malaysia.

We were invited to present to the board of one of Malaysia's largest banks as part of their board-level initiative to investigate the future of technology in banking. In Indonesia, we presented our views on "Artificial Intelligence for Risk Mitigation in an era of Faster Payments" at the Asian Banker Future of Finance Summit. In Africa, our team participated in The New Age Banking Summit (NABS 2018) in Lagos, Nigeria. We participated in the Seamless East Africa 2018 and showcased expertise on - How our solutions can help become the digital corporate bank of tomorrow – today !

In India, we demonstrated how our market leading solution, FinnOne Neo Cloud, is helping NBFCs and HFCs drive innovation in lending by enabling faster launch of personalized products, customer centric loan services, making better credit decisions faster and on-demand scalability at the 5th NBFC100 Tech Summit in Mumbai. We also attended the 5th Microfinance & NBFCs Exhibition (MiNE 2018) in Kolkata and demonstrated how the use of advanced technology can help reduce time to market, make better credit decisions faster, scale up quickly and incorporate data driven insights easily. We hosted an online, interactive roundtable webinar on 'Driving Innovation in lending with cloud' in association with Dun & Bradstreet. We attended the 3rd NBFC100 Tech Summit in Delhi, and organized an industry roundtable, for banks & NBFCs, on 'Lending with Analytics & AI: Profitable, Smarter & Customer-oriented' in Mumbai in association with Dun & Bradstreet.

OUR PEOPLE, OUR STRENGTH

We believe that our people are the foundation of our success. We focus on developing an ecosystem that attracts and inspires excellence in people. At Nucleus, over 2000 people are working together towards one goal. Our key priority is to help them progress their careers according to their individual aspirations and potential. Their development contributes to the success of our business every day. Promoting organizational learning is one of the key focus areas where we create a learning environment so that our people can continuously learn and acquire new competencies every day.

Our core values of Integrity, Respect, Result Orientation, Innovation and Collaboration are interwoven into every commitment we make to our customers, our investors, our associates and our society. We are the pioneers in building 'The Global No.1' Lending product, and also ensuring an enduring relationship with everyone. We are passionate about doing things right; it is our way of life. Diversity and inclusiveness of people and perspective, empower us in the global marketplace. Our global work force is passionate, innovative and committed to delivering value to the diverse customer base. Our highly collaborative and warm culture makes Nucleus Software a 'Great Place to Work'. Recently, an internal survey showed the biggest concern among women employees was a lack of infrastructure for working mothers. The daycare facility is a huge draw. Nucleus Software realized that this is where we need to provide help to both women employee and men, many of whom have working wives. With this thought, we opened an in-house crèche for our employees so that they can take care of their kids while they are at work. As a result we are seeing that mothers are coming back to work more confidently.

To ensure a healthy work-life balance, Nucleus Software provides health center facilities such as Nirvana (our gym), team skills development through adventure trips, games and events like NucOuting, an outbound trip, Nucleus Premiere League a month-long cricket tournament, NucDay annual company day festival, festive celebrations across the geographies.

GRATITUDE

With over 150 customers in 50 countries globally, our business will continue to have a sense of purpose while we help to make our world a better place. Whether it is helping the two billion people that are unbanked to access banking services, or helping our customers in the banking and finance space, we will continue to provide equal opportunity for all and create an environment that promotes human endeavor and assists our people to achieve their aspirations.

Lastly, I would like to thank our customers, our team members and our shareholders for their continuous support and I assure them of our best efforts.

VISHNU R DUSAD
Managing Director

Date: April 23, 2019

RP SINGH
CHIEF EXECUTIVE OFFICER

CEO'S MESSAGE

DEAR SHAREHOLDERS,

Firstly, I would like to thank you for your confidence and trust in Nucleus Software. I am delighted to report that we have ended the year in a very strong position which is a testament to the dedication and talent of all our people and our ability to consistently execute at a very high standard.

We gained new customers and signed new deals with existing customers in many places including Australia, South East Asia, The Middle East, Europe and India. This success demonstrates the strength of our value proposition in the global arena.

Our customers are looking for a partner who can address their digital transformation agenda, both in terms of technology and business expertise. With the leading lending and transaction banking solutions in the market, we are the preferred vendor of choice for the world's most innovative banks and financial institutions.

TRANSFORMATION AGENDA

While many banks have begun their transformation journey to better align with their customers' expectations, a significant percentage haven't been able to capitalize on their investment and realize the true potential of technologies such as digital and analytics. Moreover, offering digitized, automated and multi-channel solutions will soon become 'table stakes', indeed in some markets it already has. As products and services become more commoditized, customers are looking for personalized experiences and banks need to stay ahead of the curve. In the future, it is possible, perhaps likely, that there will be no direct interaction between customers and banks as their requests for finance will be handled by digital assistants and bots—operating completely autonomously.

Today, things such as analyzing consumer behavior to identify a new type of loan product, offering a tailored experience, taking finance to customers' doorsteps and plugging lending into the evolving purchase cycle for a seamless experience have all been facilitated by analytics and AI. On the corporate banking side, sleek and efficient offerings around payments, foreign exchange, advanced analytics, and supply chain finance are redefining service, creating lucrative niches, and extending corporate banking activities from the corporates to the small-business segment. To make this possible it is vital to leverage the capabilities of API driven integration, and process huge transaction volumes at machine speed.

Lenders Banks must be able to launch new products in minutes, anticipate customer needs before they even express them and be agile enough to align very quickly to market needs. At Nucleus Software, we have a deep understanding of the complex requirements of the banking and financial services industry because we have spent more than three decades helping some of the world's most innovative financial services companies leverage technology for business results. We combined this expertise with advanced technology to create FinnOne Neo, the 10 time winner world's best-selling lending solution, and FinnAxia – an integrated global transaction banking solution used by banks worldwide. Our relentless focus on helping our customers gain the maximum return from their investment in technology has been applied to our solutions and we are proud of the results that our customers are seeing.

THE POWER OF PEOPLE

"People make things happen. People define our destiny"

The wealth of Nucleus Software lies in our people (Nucleites). Working together as one team, united with a common purpose, our people are the driving force behind our success and growth for over three decades. Our people are not merely employees, they are part of our family. We celebrate each accomplishment and face each challenge collectively and that is the foundation of the Nucleus difference.

I believe creating an environment conducive for continuous learning is an imperative for any organization. This year our investment in Learning and Development was focused on 2 fronts. The first was to bring a large repository of eLearning content for Nucleites. It was awesome to see record-breaking adoption of the same. The second was into Leadership Development programs both in-house and external including engagements with Indian and Global Institutions. To motivate teams to embrace learning, we introduced certain courses as pre-requisite for growth.

Our teams are lean and agile, bringing a collaborative and experimentation mindset to their way of working – heralding the new work culture that is inspiring even our customer organizations to evolve faster. I am delighted to report that Nucleus Software has been Great Place to Work-Certified™. This is a testament to our journey towards building and sustaining a High-Trust, High-Performance Culture I know that we will continue to make great strides and we will keep raising the bar for ourselves.

TECHNOLOGY IS CHANGING EVERYTHING

Technology is more than just another tool, it is foundational to every business' strategy. We say this because we've seen how the right solutions, such as those we provide, make customers more competitive, more profitable and more agile. The adoption of cloud technology has been accelerating dramatically. According to McKinsey, the expenditure on cloud infrastructure is expected to grow at more than six times in comparison to other IT infrastructures by 2020. The financial services industry is also realising the benefits that cloud brings. We designed FinnOne Neo Cloud to help Non-Banking Finance Companies and Housing Finance Companies deliver tomorrow's digital lending, today.

With our solution, our customers can offer mortgage loan approvals virtually on the spot, extend credit profitably to people with informal income, provide end-to-end loan services on mobile, expand into new lines of business quickly and handle large volume of loans cost effectively. The market is seeing the benefits that FinnOne Neo Cloud brings and as a result we have gained tremendous traction since we launched it two years ago.

Nucleus Software is a technology and innovation driven organization. In our pursuit to be in alignment with the latest trends in the technology, we are collaborating with the premier institutes in India and abroad. We are collaborating with IISc to increase automation and improve efficiency while transforming legacy systems. Our leadership and technology teams have also been actively participating in industry-leading conferences including those at Massachusetts Institute of Technology to track the upcoming and future trends in technology in general and for financial services in particular. We celebrated the spirit of Innovation over a one week Innovation Festival where our team showcased their work in the area of Artificial Intelligence, Machine Learning, Image Processing, Virtual Reality, Facial Recognition etc.

CUSTOMERS ARE AT OUR HEART

Customers are at the heart of our strategy, the focus of our vision, and one of our values. Whether they are large banks or financial institutions digitising their entire lending process end-to-end, corporate banks providing advanced working capital finance solutions to multinationals or new market entrants disrupting their segment with loans approved in minutes, we serve them all. Our solutions deliver the agility today's lenders need to cater to the complex needs of lending to retail customers as well as large corporates and small-to-medium enterprises. We cover the complete loan lifecycle across multiple channels, including web portal and mobile. We are using cutting-edge machine learning and artificial intelligence capabilities in Nucleus Lending Analytics to enable lenders to make faster and more informed loan decisions through data visualisation and business insight generation.

We know that our growth is dependent on ensuring that our customers are successful, and we are privileged to help some of the world's most innovative organisations deliver outstanding service to millions of customers every day. We have earned this honour by helping our customers transform their lending and transaction banking businesses – dramatically lowering their total cost of ownership, radically improving their time to market with innovative products and delivering a secure, scalable and highly available infrastructure to underpin their business. Today, our customers in 50 countries are leveraging our experience, commitment, innovation and vision to drive their business forward and keep their competitive edge. We believe that our specialisation and focus on lending and transaction banking when combined with our relentless focus on customer success is the foundation of our success. However, what truly sets us apart is our values-based approach focus on long-term partnership with our customers.

SOCIAL RESPONSIBILITY

At Nucleus Software, we strongly believe that companies should act as a force for positive change in the societies in which they operate. Through the Nucleus Software Foundation we run a number of initiatives designed to help improve the lives of people in the community around us. Our employees share our passion for helping and the Nucleus Software Foundation helps channel their efforts and contributions to maximize the impact.

Incorporated in 2014, the mission of Nucleus Foundation is to improve educational outcomes for children at primary level in government schools and affordable private schools, through the use of innovative, easy to use technology. We know that children learn best when they are engaged with the subject matter and hence we use digital technologies to build that engagement. We partnered with CG Slate to deliver digital education content for class I to V.

We feel that technology will help teachers to teach more effectively and cover a larger number of children. In this context, we launched NSF Hybrid Learning Program, the only program which is focused on delivering quality education through a mix of TLM and TAB based intervention. Nucleus Foundation worked with 15 government schools in Noida, 16 schools in Uttarakhand, 40 exploration schools in Greater Noida, 3 NGO aided schools. We also organized various motivational engagement activities such as Teacher's day, teacher fellowship program, children's day, sports day and much more. I am happy to share that students going through the NSF program have shown a sharp increase in their midline and end line results.

TO CONCLUDE...

As a company, our pursuit to make an impact in all walks of life continues, and I want to thank you – our employees, our customers, our partners and our stakeholders, for continuing to place your trust in us. We are honoured by your trust, it is a driving force and it makes us want to do our best in these exciting times. As we move into the next financial year, I would like to convey my gratitude to all our customers for giving us the opportunity to support them, for trusting us with their business, year after year and decade after decade. I would also like to convey my compliments to all Nucleites for their dedication to the cause of serving our customers and putting their hearts and souls into it.

I would also like to highlight the fact that we must remain constantly vigilant. If we do not remain vigilant. We must not be complacent. We must not allow ourselves to stray away from our core principles, not even for a second. It is through eternal vigilance that we have built a track record of constantly delivering value to our customer. We have done this for over three decades and we will continue to do it long into the future.

Finally, I would like to convey my thanks to all the shareholders, partners, and all the other stakeholders, including the society at large, for enabling us to be a worthy corporate citizen.

R P SINGH
Chief Executive Officer

Date: April 23, 2019

WE ARE A PEOPLE COMPANY

Success in business depends on many factors but without talented, passionate and committed people long term success is impossible. At Nucleus we are fortunate – we have today, and have always had, a tremendous team. We strive to create an environment that nurtures their tale, fuels their passion and rewards their commitment and that's why we believe we are more than just a collection of people, we are a family.

In fact, 46% of our team have been with the company for more than 3 years, 35% for more than 5 years and over 300 Nucleites have been with us for 10 years or more. Our CEO, RP Singh, is a wonderful example of this – his journey since joining the company 3 decades ago to leading today speaks volumes about our unique approach.

> "As we continue to grow, we must remain as responsive to our people, as we are to our customers"

Even when team members do leave, we believe that it is not "goodbye forever" but instead "farewell until we meet again", and in the past year 14 ex-Nucleites have returned to the Nucleus family.

46% of our employees have been with the company for more than **3** years

35% of our employees have been with us for more than **5** years

300 Nucleites have been a part of Nucleus family for **10** years or more

DEFINING THE HEART OF OUR COMPANY- OUR VALUES

The last few years has seen many changes in the way we go about our business. We changed the way we sell, we changed the way we implement and we changed the way we structure ourselves for the market. Our people are what makes Nucleus Software successful. Passionate people who live and breathe our values every day, who delight our customers every day and go above and beyond every day.

We believe that having the right people, and empowering them to succeed is the absolute key to success. We are guided by values which define our priorities. Values give a meaning and a purpose to our existence and they are an integral part of our organization. We are winners, who dream big, never give up and try to find better ways of doing things. We believe in talking to each other with extreme sensitivity, appreciating both our cultural differences and our shared passion for success.

> "We are guided by values which define our priorities. Values give a meaning and a purpose to our existence and they are an integral part of our organization"

We believe that we need to be courageous, and that we should to take the right decision however difficult the decision might be, even if we are the only people with that idea or thought. We believe in sharing knowledge and collaborating with teams across Nucleus in the best interest of business.

OUR CORE VALUES ARE:

- **INTEGRITY** - Courage to do the right thing
- **RESPECT** - Treat others as we expect to be treated
- **RESULT ORIENTATION** - Deliver as committed
- **COLLABORATION** - Leveraging cross functional team strengths to deliver business value
- **INNOVATION** - Something new or better in everything we do to deliver better value

THE CULTURE WE LIVE IN

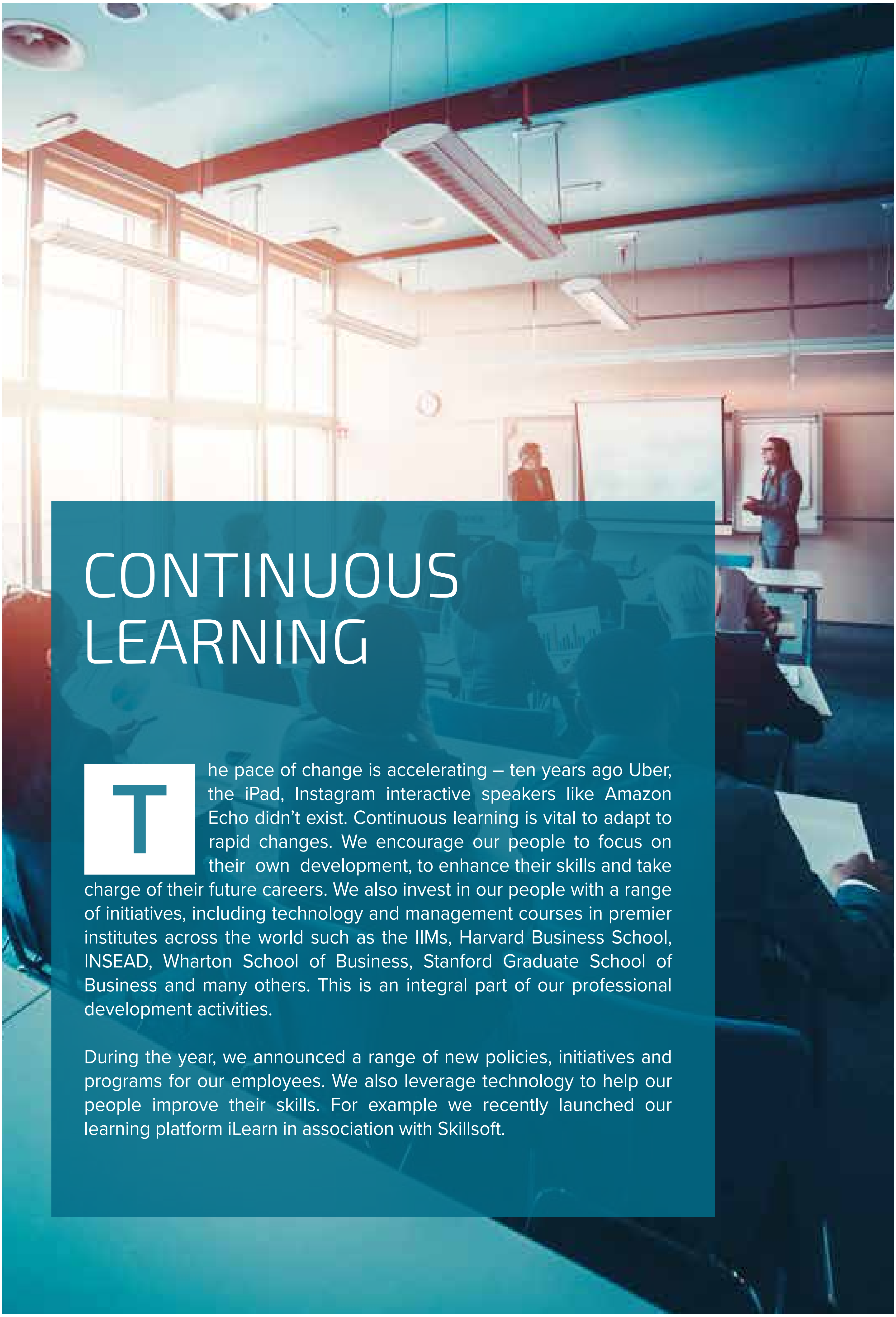
A company's culture is the personality of the company. We believe that we should do more than help our customers succeed. We believe that the way in which we help them succeed is vitally important. We want our customers to be part of our "Nucleus Family". We want our customers to enjoy their relationship with us, to have fun working with us. We want our customers to see us an extension of their business, to view us as partners in helping them succeed.

Our culture is powered by our values, and as such is a key part of our success. Long term success is based on innovation and responsiveness to our customers' concerns. These corporate cultural advantages show that we have what it takes to maintain our market position, based on satisfying needs in the financial services industry.

"For our people we strive to ensure that life at Nucleus can be described in one word – and that word is AWESOME"

For our people we strive to ensure that life at Nucleus can be described in one word – and that word is AWESOME ! We seek to create a life-long learning environment with a mixture of development avenues to help our people learn, grow and develop – both personally and professionally.

We are always eager to learn new things, collaborate with new people and explore new possibilities. We provide our people with activities and initiatives that support talent tracking and management, promote diversity and inclusion and improve employee satisfaction.



CONTINUOUS LEARNING

The pace of change is accelerating – ten years ago Uber, the iPad, Instagram interactive speakers like Amazon Echo didn't exist. Continuous learning is vital to adapt to rapid changes. We encourage our people to focus on their own development, to enhance their skills and take charge of their future careers. We also invest in our people with a range of initiatives, including technology and management courses in premier institutes across the world such as the IIMs, Harvard Business School, INSEAD, Wharton School of Business, Stanford Graduate School of Business and many others. This is an integral part of our professional development activities.

During the year, we announced a range of new policies, initiatives and programs for our employees. We also leverage technology to help our people improve their skills. For example we recently launched our learning platform iLearn in association with Skillsoft.

> “Adoption of the iLearn platform has been strong, with around 1,800 Nucleites completing 20,616 courses on the platform in one year”

This platform enables learning at a time and a pace that suits individual needs. It uses an innovative approach to drive engagement and we were proud when SkillSoft Corporation recently awarded us with the “Best Debut” Award in its Annual Awards Event in Mumbai. There were around 50 contenders in the category.

This award recognizes and distinguishes the organization which has recently implemented Skillsoft solutions, witnessed measurable impact and unlocked the desired outcomes. Adoption of the iLearn platform has been strong, with around 1,800 Nucleites completing 20,616 courses on the platform in one year. These programs have also been blended with our internal classroom programs to make them more effective.

STRATEGIC INITIATIVES

Today, our customers in 50 countries are leveraging our experience, commitment, innovation and vision to help them drive their businesses forward. We believe that our specialisation and focus on lending and transaction banking when combined with our relentless focus on customer success is the foundations of our growth. However, what truly sets us apart is our values-based approach focused on building and maintaining long-term partnerships with our customers. We are very proud to work as a key technology partner with some of the world's leading financial institutions, helping them shape the future of finance.

We know that our customers' needs constantly evolve and that's why we continuously enhance our offerings. During the year, we have launched a number of key strategic initiatives to help our customers enhance efficiency, meet growing customer demands and address new growth opportunities.

> "During the year, we have launched a number of key strategic initiatives to help our customers enhance efficiency, meet growing customer demands and address new growth opportunities"

Taking advantage of rapidly advancing technology and growing demands from consumers for digital interactions, a number of disruptors have carved out niches in financial services. Just like other industries disrupted by new technology, many leading banks were initially quite indifferent to the challenge. However, this has given way to recognition of the need to change. Digital has become a fundamental theme for almost every transformation project.

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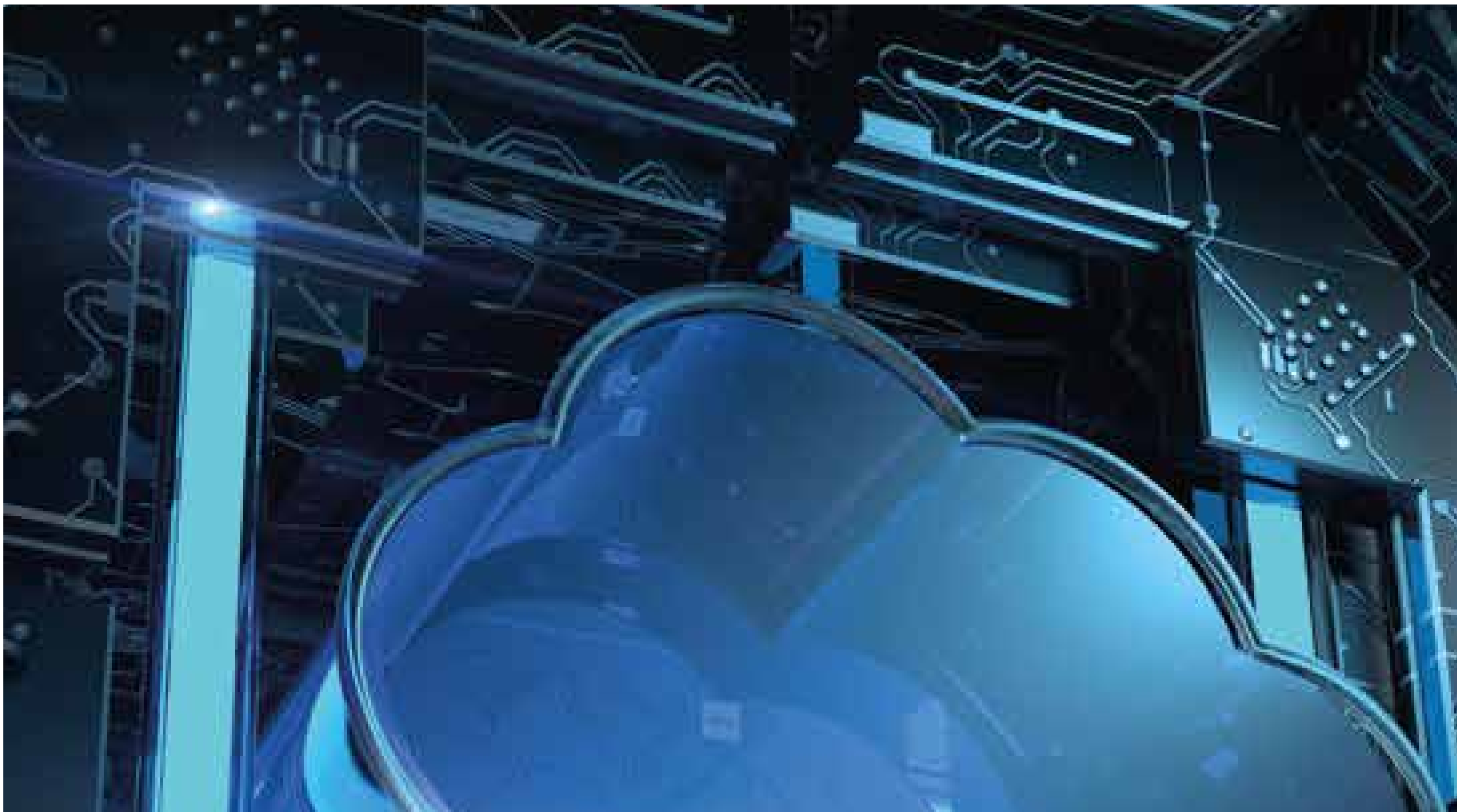
FINNONE NEO HAS BEEN RECOGNIZED AS THE BEST SELLING LENDING SOLUTION IN THE INDIAN DOMESTIC SALES LEAGUE TABLE 2019 BY IBS INTELLIGENCE



FINNONE NEO CLOUD

Transforming Lending

Businesses all over the world are taking advantage of the tremendous benefits that cloud technology brings. In fact, the global market for cloud computing is expected to grow from $272 billion in 2018 to $623 billion by 2023, according to an industry report. The cloud market in India is also expanding quickly and expected to grow to $7.1 billion by 2022, according to NASSCOM. The financial services industry, powered as it is by IT, is rapidly adopting cloud technology. The disruptive wave of digital transformation that is sweeping the financial services segment draws a lot of its power from the cloud.

FinTechs are founded on the unique combination of advancements in technology and innovative business models. As start-ups, the FinTech companies have benefitted greatly from the agility, flexibility, modularity, scalability, security and cost optimisation offered by cloud technology. We gained over 25 new customers for our revolutionary cloud lending solution - FinnOne Neo Cloud, since the launch of this solution. Leading Non-Banking Finance Companies (NBFCs) and Housing Finance

> "Our extensive experience combined with the strength of our innovative solutions, is enabling NBFCs and HFCs to deliver tomorrow's digital lending - today"

Companies (HFCs) across a wide range of industry sectors have selected the solution to power their innovative businesses. Operating in a crowded market with entrenched competition these companies have grown tremendously by offering innovative products and compelling customer experiences. Many leading NBFCs have selected FinnOne Neo Cloud to power their innovative businesses, including Esskay Fincorp, Finova Capital, TAB Capital, Sai Point Finance, Essel Home Loans, Manappuram Home Finance Limited, Manappuram Finance Limited and Shubham Housing Development Finance Company.

Our extensive experience combined with the strength of our innovative solutions, is enabling NBFCs and HFCs to deliver tomorrow's digital lending - today. FinnOne Neo Cloud has enabled our customers to offer on-the-spot mortgage loan approvals, extend credit profitably to people with informal income, provide end-to-end loan services on mobile, expand easily into new lines of business quickly and handle large volume of loans cost effectively.

Deployed in the cloud, the solution is powered by the best-selling lending solution in India in 2018 (IBS Sales League Table 2019). It also won the "Best Lending Technology Implementation of the Year" award at the BFSI Innovative Technology Awards 2018 for its record setting, 4-day implementation at Sai Point Finance. We were delighted to win the award for 'Best Cloud Lending Solution'. We are proud to be recognised with these prestigious awards, which demonstrate the tremendous impact that the combination of innovative technology and customer centric business strategies can have on financial services.

FINNONE NEO WINS THE 'BEST CLOUD LENDING SOLUTION' AWARD BY IBS INTELLIGENCE

AN INNOVATIVE SOLUTION

FinnAxia FarEdge

As a leader in the financial technology space, Nucleus Software has always focused on product innovation with a passion for perfection and a relentless commitment to deliver best-in-class products to corporate banks globally. This has, in turn, helped our customers respond faster to the changing market dynamics and capture new business opportunities as and when they arrive. FinnAxia empowers financial institutions establish and maintain a market-leading presence through the flexible, speedy and efficient execution of transaction banking processes.

Digitization is transforming financial services worldwide but has also made financial services more vulnerable to payments frauds. Billions of dollars are lost every year to online payment fraud, partly as a result of the increased number of potential vulnerabilities brought about through the use of online and mobile channels. Advanced analytical tools with built-in artificial intelligence capabilities can enable financial institutions to capture duplicate, erroneous and suspicious transactions swiftly. Potential instances of fraud can be intercepted and stopped before they

> “FarEdge enables banks to extract, analyze, interpret and transform their business data in order to detect fraudulent and dual transactions early and proactively act on it”

happen, thereby increasing the effectiveness of fraud monitoring programs. Also, with fintechs gaining ground over traditional banks by providing specialized solutions with superior digital capabilities, banks need to become more customer-centric in order to maintain a central role in their customers’ financial management and transactions. Disruptive technologies such as AI have the potential to help banks by not only making their processes better, faster and cheaper, but when combined with advanced analytics, by delivering insight into what customers are doing today and what they are likely to do tomorrow – turning reams of data into actionable intelligence that can be applied to continuously improve business processes.

FinnAxia Global Payments comes with an AI-based fraud management tool named FarEdge which uses a mix of artificial intelligence and advanced analytics to help banks deliver a secure and enhanced experience to their corporate customers. The tool enables banks to extract, analyze, interpret and transform their business data in order to detect fraudulent and dual transactions early and proactively act on it.

The highly interactive analytics solution can simultaneously integrate with multiple applications at the same time through synchronous and asynchronous channels. The solution has the capability of processing bulk transactions swiftly by maintaining a separate data warehouse and being loosely coupled from the main business application. It also comes with the provision of indexed based search for fast and effective searches.

NUCLEUS WON THE SPECIALTY PARTNER OF THE YEAR AWARD AT AWS PARTNER SUMMIT 2018

DRIVING INNOVATION IN LENDING

Over the last two decades, Nucleus Software's flagship lending solution had the honor of being recognized 10 times as the "World's Best Selling Lending Banking System" for new named customer deals by IBS Intelligence in their League Table. Over this period, the solution has seen numerous functional enhancements and technology improvements while also adding Lending Mobility, Cloud and Lending Analytics to its comprehensive portfolio.

The platform's wide usage is evident from the fact that 300,000 business users login on it every day to support more than $200bn in loan book value and one loan is booked every second, somewhere across the globe, on this platform. FinnOne Neo has been recognized as the "Leader in the Lending Systems Category in the Indian Domestic Sales League Table 2019" and secured "second position in the Lending Systems Category in the Global Sales League Table 2019" released by IBS Intelligence. Designed to meet the challenges of delivering agile and efficient lending while reducing the cost of operations, FinnOne Neo

> **"FinnOne Neo has been recognized as the "Leader in the Lending Systems Category in the Indian Domestic Sales League Table 2019. Also secured "2nd position in the above Category in the Global Sales League Table 2019" by IBS Intelligence"**

supports both cloud and on-premise deployment models. With its comprehensive set of offerings. FinnOne Neo also enables lenders to digitize their document management and provide a seamless lending experience to their customers on mobile and web portal. FinnOne Neo also includes a specialized mobile based solution for the microfinance business. With an aim to make the benefits of advanced technology available to the microfinance sector, during the year Nucleus Software launched FinnOne Neo mFin, a specialized microfinance solution for micro lenders. This innovative solution will be another important step towards fulfilling our vision of making financial services more accessible.

FinnOne Neo mFin is designed to ensure that microfinance companies can perform paperless data sourcing, real time application submission, instant verification, and provide credit grading on a single mobile application. The solution helps microfinance companies make loan decisions faster, while streamlining customer on-boarding and reducing operating costs. FinnOne Neo mFin has a wide range of unique features including the pre-population of application data, seamless integration with credit bureaus, support for group lending, geo tagging, image capture/upload and role based dashboards. The solution makes full use of India digital stack to deliver a seamless, end to end digital lending experience.

This is a step further in our long term strategy of using technology to make a 100 rupee loan possible, a strategy we first discussed in 2005. With this solution, Financial Institutions operating in the microfinance market can use our digital capabilities to reach more customers in more places. In short, this solution will help microfinance companies bring advanced banking services to all people, regardless of location or income level. Building on our success, our lending mobility solutions is now processing over 50 million transactions worth more than $13 billion across our customer base.

FINNONE NEO WINS THE 'BEST LENDING TECHNOLOGY IMPLEMENTATION' AWARD AT THE BFSI LEADERSHIP AWARDS 2018

ANALYTICS

A "Must Have" in Lending

For three decades, Nucleus Software has been helping some of the world's most innovative financial institutions leverage technology to achieve their business ambitions. Whether they are large banks digitising their entire retail lending process end-to-end, corporate banks providing advanced working capital finance solutions to multinationals or new market entrants disrupting their segment with loans approved in minutes, we serve them all. Nucleus FinnOne Neo have been designed with these issues in mind.

The system primarily supports the building blocks of decision making processes – rules and policy engines ensure that fine-grained business rules can be embedded in the system, sophisticated workflow and escalation systems ensure that exceptions can be handled and advanced analytics engines ensure that the consequences of decisions can be modeled in real-time. Not only does this ensure that the "right" decision is taken, it ensures that it is taken "every time", regardless of how the customer interacts with the lender – whether in the branch, on

"We are using cutting-edge machine learning and artificial intelligence capabilities in Nucleus Lending Analytics to enable lenders to make faster and more informed loan decisions through data visualisation and business insight generation"

the phone, via a loan market place, through a mobile app or via an interactive chat with an AI. This ensures that customers get the same, high quality service experience at every point of presence and every moment of truth. It's a bit like every customer meeting with the best staff member, the staff member that knows the bank's products intimately and has the best interpersonal skills, and even better, this staff member never makes a mistake, never sleeps and can handle a virtually unlimited number of customers at the same time. Humans make decisions. Machines make decisions faster. Humans make mistakes. Machines make mistakes faster.

Our solutions deliver the business agility today's lenders need to cater to the complex needs of lending to retail customers as well as large corporate and small-to-medium enterprises (SME) customers. We cover the complete loan lifecycle across multiple channels, including web portal and mobile. We are using cutting-edge machine learning and artificial intelligence capabilities in Nucleus Lending Analytics to enable lenders to make faster and more informed loan decisions through data visualisation and business insight generation.

During the year, one of India's leading Non-banking finance companies (NBFC) has used the machine learning capabilities of Nucleus Lending Analytics to build statistical scorecards, which have improved their credit decisioning processes. Their business teams are using the platform for data analysis, model building and validation. This resulted in 23% reduction in Non-Performing Loans (NPLs) by identifying the worst 31% of the bad loans. The company also witnessed 96% average good rate in identifying the top 40% of their loan portfolio, ranked by credit score, using the new scorecards. Accurate identification of top 20% of loan applications enabled the company to automate decision making for such cases, resulting in higher efficiency and increased capacity for underwriting.

FINNONE NEO CLOUD WINS THE 'BEST CLOUD LENDING SOLUTION' AWARD AT THE BFSI LEADERSHIP AWARDS 2018

PAYSE

The Digital Wallet

PaySe, the digital wallet from Nucleus Software is India's first offline payment solution and is designed to disrupt the card payment market. Traditional card-based payments are based on a hub and spoke methodology and hence are focused mostly on the connected and banked population of the world. PaySe offline payment solutions are targeted at customers and merchants in the rural and semi urban areas where mobile data connectivity is still a challenge. The simplicity of the solution infrastructure which consists of a POS terminal and a Mifare card makes it an ideal payment solution for rural consumers where apart from challenges in data connectivity smart phones are not prevalent.

During the year, PaySe payment solutions have been enhanced with online mobile payment capabilities thus making PaySe an ideal payment solution for both the connected and non-connected world. The Government of India has launched a massive program to move the country from a cash based economy to a digital economy and PaySe will play an important role as it is primarily focusing on the rural and semi

"PaySe also introduced Utility Bill payment service through mobile application in association with BBPS (Bharat Bill Payment System"

urban economy a segment which most wallet players tend to ignore. PaySe has been rolled out in Fatehabad district of Haryana to digitize micro-savings and loan repayments for HSRLM (Haryana State Rural Livelihood Mission). It has covered more than 50 villages under this initiative. Along with SRLM initiative, PaySe has also found favour with consumers to make payments for their daily purchases in the village and for LPG and PDS payments.

In addition, PaySe also introduced mobile, DTH and data card recharge services through mobile application. Along with host of features like Split Payments which is used as record keeping for payments done by friends, PaySe also introduced Utility Bill payment service through mobile application in association with BBPS (Bharat Bill Payment System). PaySe is offering these services as an agent institution of BBPOU (Bharat Bill Pay Operating Unit).

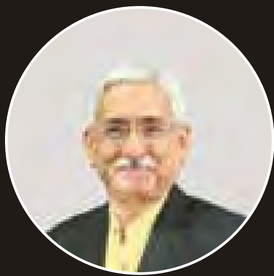
In keeping with the UGC guidelines advising colleges and universities to move towards a less cash economy Nucleus is focusing on the colleges and universities to make their campuses cashless campuses by enabling digital payments for all financial transactions in the campus and extending the same to transactions around the campus.

NUCLEUS WINS THE 'BEST LENDING TECHNOLOGY IMPLEMENTATION OF THE YEAR' AWARD AT THE BFSI INNOVATIVE TECHNOLOGY AWARDS 2018

BOARD OF DIRECTORS

MR. S.M. ACHARYA

CHAIRMAN,
NON - EXECUTIVE
INDEPENDENT DIRECTOR

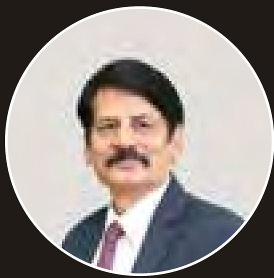


MR. VISHNU R DUSAD

MANAGING DIRECTOR

MR RP SINGH

EXECUTIVE DIRECTOR
& CEO



MR. PRITHVI HALDEA

NON - EXECUTIVE
INDEPENDENT DIRECTOR

PROF. TRILOCHAN SASTRY

NON - EXECUTIVE
INDEPENDENT DIRECTOR

MRS. ELAINE MATHIAS

NON - EXECUTIVE
INDEPENDENT DIRECTOR

MS. RITIKA DUSAD

NON - EXECUTIVE
DIRECTOR

Board of Directors

Mr. S. M. Acharya
Chairman,
Non-Executive, Independent Director

Mr. Vishnu R Dusad
Managing Director

Mr. R P Singh
Executive Director & CEO

Ms. Ritika Dusad
Non-Executive Director

Mr. Prithvi Haldea
Non-Executive, Independent Director

Mrs. Elaine Mathias
Non-Executive, Independent Director

Prof. Trilochan Sastry
Non-Executive, Independent Director

Board Committees

Audit Committee
- Mrs. Elaine Mathias, Committee Chairman
- Mr. S. M. Acharya
- Mr. Prithvi Haldea
- Prof. Trilochan Sastry

Nomination & Remuneration / Compensation Committee
- Mr. Prithvi Haldea, Committee Chairman
- Mrs. Elaine Mathias
- Prof. Trilochan Sastry

Stakeholder Relationship Committee
- Mr. Prithvi Haldea, Committee Chairman
- Mr. Vishnu R Dusad
- Prof. Trilochan Sastry

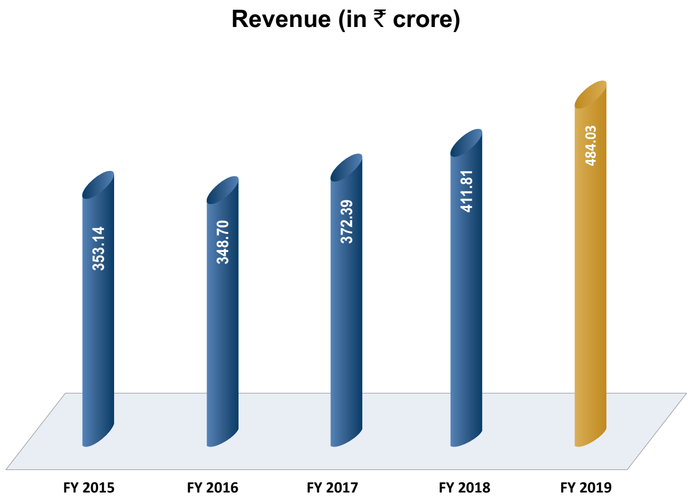
Corporate Social Responsibility Committee
- Prof. Trilochan Sastry, Committee Chairman
- Mr. Vishnu R Dusad
- Mr. S. M. Acharya
- Mr. Prithvi Haldea

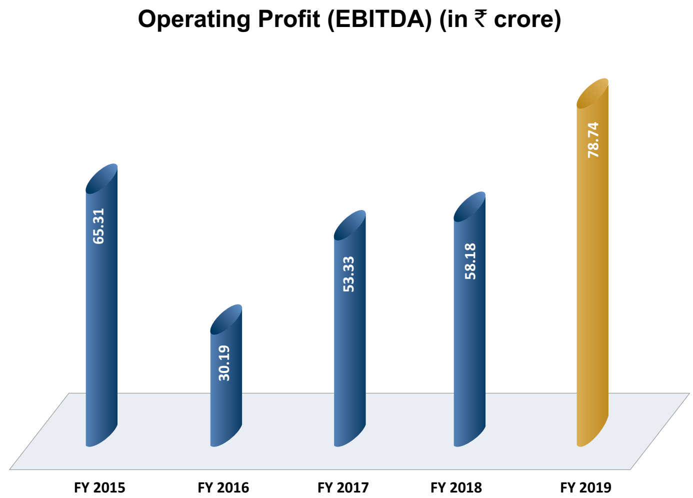
Offices

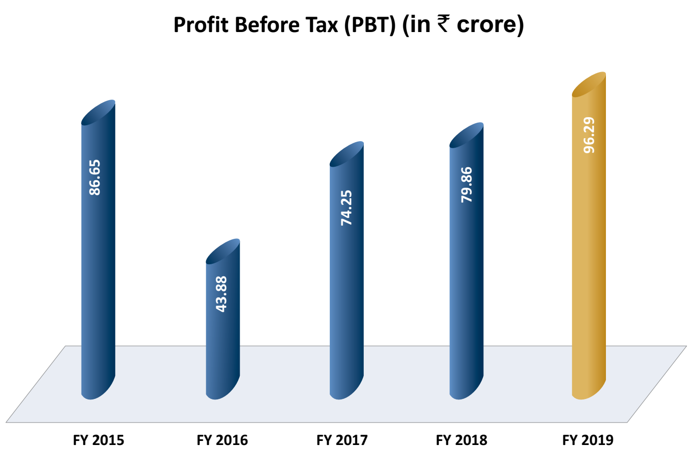
Registered Office
Nucleus Software Exports Ltd.
CIN : L74899DL1989PLC034594
33-35 Thyagraj Nagar Market, New Delhi - 110 003, India
Tel: +91 - 11 - 24627552. Fax: +91 - 11 - 24620872

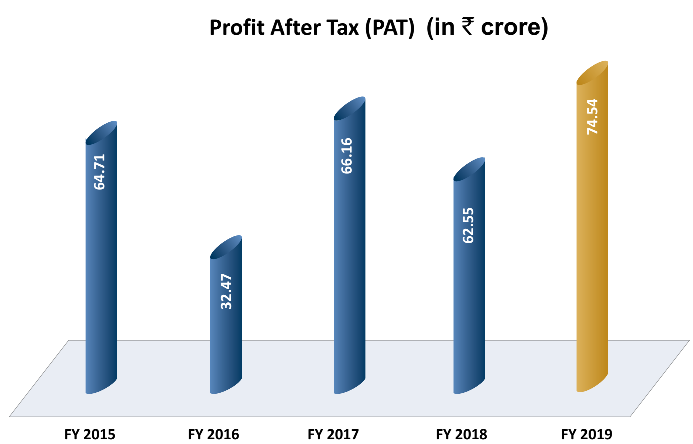
Corporate Office
Nucleus Software Exports Ltd.
A-39, Sector 62, NOIDA, UP-201 307, INDIA
Tel: +91-120-4031400. Fax: +91-120-4031672
Email: investorrelations@nucleussoftware.com
Website: www.nucleussoftware.com

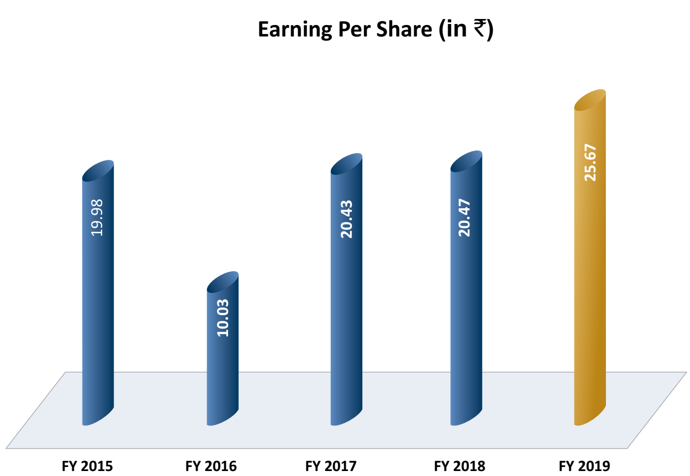
Graphical Representation

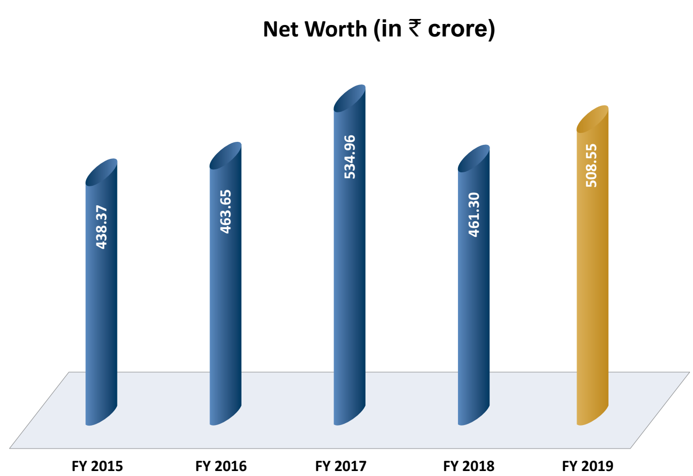












Years at a Glance

(All figures in ₹ crore, except per share data)

Consolidated Performance

For the Year Ended March 31,	2019	2018	2017	2016	2015
Revenue from Operations	484.03	411.81	372.39	348.70	353.14
Operating Profit (EBITDA)	78.74	58.18	53.33	30.19	65.31
Depreciation & Amortization	9.93	7.04	11.22	12.22	11.97
Other Income (inclusive of foreign exchange gain/loss)	27.48	28.72	32.14	25.91	33.31
Tax expense	21.75	17.31	8.09	11.41	21.94
Profit After Tax (PAT)	74.54	62.55	66.16	32.47	64.71
EBITDA as a % of Revenue from Operations	16.27	14.13	14.32	8.66	18.49
PAT as a % of Revenue from Operations	15.40	15.19	17.77	9.31	18.32
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	19.86	16.03	14.87	9.73	20.75
Return on Average Networth (%)	15.37	12.56	13.25	7.20	15.49
As at March 31,	**2019**	**2018**	**2017**	**2016**	**2015**
Share Capital	29.04	29.04	32.39	32.39	32.39
Other Equity	479.51	432.26	502.57	431.26	405.98
Net Worth	508.55	461.30	534.96	463.65	438.37
Property, Plant and equipment and Other intangible assets	46.52	45.17	45.11	52.42	58.95
Cash & Cash Equivalents including Current Investments	259.00	214.97	300.36	247.38	281.25
Working Capital	190.73	140.25	256.34	242.43	294.68
No. of Shares (Face Value of Rs.10.00)	29,040,724	29,040,724	32,383,724	32,383,724	32,383,724
Market Capitalisation	987.09	1164.10	797.29	626.14	547.61
No. of Shareholders	16,446	14,856	18,951	17,257	16,589
Per Share data					
Earning Per Share (in ₹)	25.67	20.47	20.43	10.03	19.98
Dividend Per Share (in ₹)	9.00	8.00	5.00	5.00	5.00
Book Value Per Share (in ₹)	175.12	158.85	165.19	143.17	135.37

Notes:

1. *While calculating figures of group, intergroup transactions have been ignored*
2. *Previous year figures have been regrouped/reclassified wherever necessary*
3. *The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017. Consequently the results for the year ended March 31, 2017 have been restated to comply with Ind-AS to make them comparable*

Years at a Glance

(All figures in USD'000 except per share data)

Consolidated Performance

For the Year Ended March 31,	2019	2018	2017	2016	2015
Revenue from Operations	70,015	63,424	55,135	53,367	57,087
Operating Profit (EBITDA)	11,390	8,960	7,896	4,621	10,558
Depreciation & Amortization	1,436	1,084	1,661	1,871	1,935
Other Income (inclusive of foreign exchange gain/loss)	3,975	4,423	4,759	3,965	5,385
Tax Expense	3,146	2,666	1,198	1,746	3,547
Profit After Tax (PAT)	10,782	9,633	9,795	4,969	10,461
EBITDA as a % of Revenue from Operations	16.27	14.13	14.32	8.66	18.49
PAT as a % of Revenue from Operations	15.40	15.19	17.77	9.31	18.32
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	19.86	16.03	14.87	9.73	20.75
Return on Average Networth (%)	15.37	12.56	13.25	7.20	15.49
US$ Exchange Rate (In ₹)*	69.13	64.93	67.54	65.34	61.86
As at March 31,	**2019**	**2018**	**2017**	**2016**	**2015**
Share Capital	4,199	4,456	4,995	4,888	5,182
Other Equity	69,333	66,318	77,498	65,086	64,957
Net Worth	73,532	70,774	82,492	69,974	70,139
Property, Plant and equipment and Other intangible assets	6,726	6,930	6,957	7,911	9,432
Cash Equivalents & Current Investments	37,450	32,981	46,316	37,335	45,000
Working Capital	27,578	21,518	39,528	36,587	47,149
No. of Shares (Face Value of ₹ 10.00)	29,040,724	29,040,724	32,383,724	32,383,724	32,383,724
Market Capitalisation	142,726	178,597	122,943	94,497	87,617
US$ Exchange Rate (in ₹)#	69.16	65.18	64.85	66.26	62.50
Ratios - per share					
Earning Per Share	0.37	0.32	0.30	0.15	0.32
Dividend Per Share	0.13	0.12	0.07	0.08	0.08
Book Value Per Share	2.53	2.44	2.55	2.16	2.17

Notes:

1. *While calculating figures of group, intergroup transactions have been ignored*
2. *Previous year figures have been regrouped/reclassified wherever necessary*
3. ** Revenue and expenditure items have been translated at the average US$/₹ Rate, mentioned here for respective years*
4. *# Balance Sheet items have been translated at year end US$/Rs. Rate, mentioned here for respective years.*
5. *The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017. Consequently the results for the year ended March 31, 2017 have been restated to comply with Ind-AS to make them comparable.*

DIRECTORS' REPORT

Directors' Report

Dear Members,

The Directors of Nucleus Software Exports Limited (NSEL) are pleased to present your Company's Thirtieth Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2019.

1. **RESULTS OF OPERATIONS AND STATE OF AFFAIRS- Financial Results**

   The Company has adopted the Indian Accounting Standards (Ind-AS) with effect from April 1, 2017 (transition date being April 1, 2016) pursuant to the notification issued by the Ministry of Corporate Affairs dated February 16, 2015 regarding the Companies (Indian Accounting Standards) Rules, 2015.

   The consolidated financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015, notified under Section 133 of the Act and other relevant provisions of the Act. The 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. The Management takes into cognisance all new as well as revised accounting standards on an ongoing basis.

   The Company has nine subsidiary companies, all of which are wholly-owned subsidiaries. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis.

a) Consolidated Operations

Revenue from consolidated operations for the year was ₹ 484.03 crore, as compared to ₹ 411.81 crore in the previous year, an increase of over 17%. As the Company continued its focus on strategic initiatives for new products, focused sales, market development and hiring of senior experienced personnel to help drive transformation, the overall operational expense for the year increased to ₹ 405.29 crore, against ₹ 353.63 crore in the previous year. The Operating Profit (EBITDA) was at ₹ 78.74 crore, 16% of revenue, against ₹ 58.18 crore, 14% of revenue in the previous year. Profit after Tax for the year was at ₹ 74.54 crore, 15% of revenue, against ₹ 62.55 crore, 15% of revenue in the previous year.

Consolidated financial results are as below: *(₹ in crore)*

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue
Revenue From Operations	**484.03**	***100.00***	**411.81**	***100.00***
Expenses				
a) Employee benefit expense	313.53	*64.77*	276.97	*67.26*
b) Operating and other expenses	91.25	*18.85*	76.15	*18.49*
c) Finance costs (Bank charges)	0.51	*0.11*	0.51	*0.12*
Total Expenses	**405.29**	***83.73***	**353.63**	***85.87***
Operating Profit (EBITDA)	**78.74**	***16.27***	**58.18**	***14.13***
Depreciation & Amortization	9.93	*2.05*	7.04	*1.71*
Operating Profit after Interest and Depreciation	**68.81**	***14.22***	**51.14**	***12.42***
Other Income	27.48	*5.68*	28.72	*6.97*
Profit Before Tax	**96.29**	***19.89***	**79.86**	***19.39***
Taxation	21.75	4.49	17.31	4.20
Profit After Tax	**74.54**	***15.40***	**62.55**	***15.19***
Other Comprehensive Income	0.26	0.05	(1.50)	(0.36)
Total Comprehensive Income for the period	**74.80**	***15.45***	**61.05**	***14.82***

b) Standalone Operations

Revenue from the standalone operations for the year was ₹ 396.76 crore against ₹ 337.32 crore in the previous year, an increase of 18%. Total operational expense for the year was ₹ 336.52 crore against ₹ 294.94 crore in the previous year, an increase of 14%. Operating Profit (EBITDA) for the year was at ₹ 60.24 crore, 15% of revenue, against ₹ 42.38 crore, 13% of revenue, in the previous year. Profit after Tax for the year was at ₹ 75.63 crore, 19% of revenue, against ₹ 65.60 crore, 19% of revenue in the previous year.

Directors' Report

Standalone financial results are as below: *(₹ in crore)*

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue
Revenue from Operations	396.76	***100.00***	337.32	***100.00***
Expenses				
a) Employee benefit expense	246.95	*62.24*	216.29	*64.12*
b) Operating and other expenses	89.27	*22.50*	78.33	*23.22*
c) Finance costs (Bank charges)	0.30	*0.08*	0.32	*0.09*
Total Expenses	**336.52**	***84.82***	**294.94**	***87.44***
Operating Profit (EBITDA)	**60.24**	***15.18***	**42.38**	***12.56***
Depreciation	7.01	*1.77*	6.47	*1.92*
Operating Profit after Interest and Depreciation	**53.23**	***13.42***	**35.91**	***10.65***
Other Income	40.29	*10.15*	41.77	*12.38*
Profit Before Tax	**93.52**	***23.57***	**77.68**	***23.03***
Taxation	17.89	***4.51***	12.08	***3.58***
Profit After Tax	**75.63**	***19.06***	**65.60**	***19.45***
Other Comprehensive Income	(0.19)	(0.05)	(2.83)	(0.84)
Total Comprehensive Income for the period	**75.44**	***19.01***	**62.77**	***18.61***

A detailed analysis on the Company's performance, both consolidated and standalone, is included in "Management's Discussion and Analysis" Report, which forms part of the Annual Report.

2. **TRANSFER TO RESERVES**

In order to augment resources, your Directors do not propose to transfer any amount to reserves. Appropriation to retained earnings for the financial year ended March 31, 2019 as per financial statements are as under:

(₹ in crore)

Retained Earnings	*Closing Balance as on March 31, 2019*
Opening balance	378.27
Profit for the period	75.63
Dividend Paid	(23.23)
Corporate Dividend tax	(1.92)
Closing Balance	**428.75**

3. **SHARE CAPITAL**

Issued and Paid-up Share Capital

The Paid-Up Share Capital of the Company, as on March 31, 2019, is 29,040,724 equity shares of ₹ 10 each, similar to the Paid Up Share Capital as on March 31, 2018.

Shares under Compulsory Dematerialization

The shares of the Company are under compulsory dematerialization ("Demat") category and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Of the entire paid up shares, 28,974,605 shares or 99.77%, are in dematerialized form as at March 31, 2019. The International Securities Identification Number (ISIN) allotted to the Company's shares is INE096B01018.

4. **LISTING**

Your Company is listed at National Stock Exchange of India Ltd. and BSE Ltd.

Stock Exchange where Nucleus shares are listed	Scrip Symbol /Code
National Stock Exchange of India Ltd. (NSE) w.e.f. December 19, 2002	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995	531209

5. **LIQUIDITY AND CASH EQUIVALENTS**

Your Company continues to retain its debt-free status and maintains sufficient cash and cash equivalents to meet future strategic initiatives. The Company has been conservative in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enable the Company to completely eliminate short and medium-term liquidity risks, and at the same time also help scale up operations at a short notice. The goal of cash management at Nucleus is to:

a. Use cash to provide sufficient working capital to manage business operations of the Company to be able to add value to all our stakeholders and continuously enhance the same.

b. Maintain sufficient cash as reserves that will aid the Company in capturing meaningful business opportunities, including acquisitions.

c. Invest surplus funds in low-risk bank deposits, debt schemes of mutual funds, preference shares and tax free secured bonds of Public Sector Enterprises.

Cash and cash equivalents including current investments at a consolidated level of ₹ 259.00 crore, constitute 51% of the shareholders' funds at the year end, against ₹ 214.97 crore, 47% of the shareholders' funds at the close of the previous year. In addition, the Company holds tax-free bonds issued by public sector enterprises at amortised cost of ₹ 87.37 crore against ₹ 87.13 crore in the previous year, long-term fixed maturity plans of mutual funds at amortised cost of ₹ 64.06 crore against ₹ 59.75 crore last year, Preference shares of ₹ 56.94 crore against ₹ 46.90 crore last year, mutual funds at FVTPL (fair value through profit and loss) of ₹ 31.30 crore against ₹ 38.89 crore in the previous year and Investment in equity shares of a listed company (at FVOCI) at ₹ 8.70 crore against ₹ 8.64 crore in the previous year.

6. DIVIDEND

The Dividend Policy of your Company prescribes a dividend pay-out in the range of 15-30% of the profits available for distribution, subject to:

a) Provisions of The Companies Act, 2013 and other applicable laws, and

b) Cash flows of the Company

We are pleased to state that for the 19th consecutive year, your Company has recommended a Dividend for its shareholders. The Proposed Dividend this year is 90% (₹ 9.00 per equity share of ₹ 10 each) as compared to last year Dividend of 80% (₹ 8.00 per equity share of ₹ 10 each). The Proposed Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. If approved, the total dividend pay out will be ₹ 26.14 crore, against pay out of ₹ 23.23 crore in the previous year.

The Register of Members and Share Transfer Register shall remain closed during the period July 2, 2019 to July 8, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend. The Dividend, if approved at the Annual General Meeting, will be payable to such members whose names appear on the Register of Members of the Company and as beneficial owners in the records of National Securities Depositories Ltd. and Central Depository Services (India) Ltd., at close of business hours as on July 1, 2019.

7. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to applicable provisions of the Companies Act 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall also be transferred to the Demat account created by IEPF Authority. Accordingly, the Company has transferred all unclaimed or unpaid dividends and shares to IEPF as per applicable regulations.

8. DEPOSITS FROM PUBLIC

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company policy for determining 'Material Subsidiaries' and on 'Related Party Transactions', as approved by the Board can be accessed on the Company website link: http://www.nucleussoftware.com/investors.

Particulars of contracts or arrangements with related parties in the prescribed Form AOC-2, are provided as Annexure A to this Directors' Report.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the Financial Statements.

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR 2019 AND DATE OF THIS REPORT

No material changes and commitments have occurred after the close of the year till the date of this Directors' Report, which affect the financial position of the Company.

12. CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

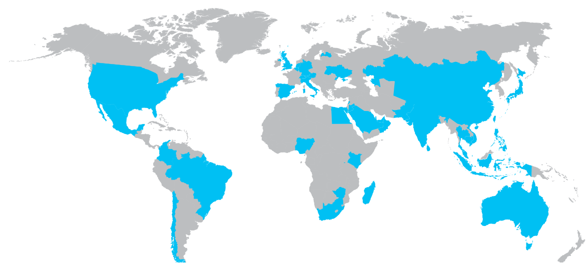
13. MANAGEMENT DISCUSSION & ANALYSIS

As per requirements of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosures) Regulations 2015, the Management's Discussion and Analysis of the financial condition and results of both standalone and consolidated operations have been provided separately in the Annual Report.

14. REVIEW OF BUSINESS & OUTLOOK

Your Company continues its journey as a preferred partner for banking and financial organizations worldwide, helping them to succeed by providing pioneering products, innovative services and above all solutions to their business needs. Our software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas. During the year, your Company won 28 orders including 01 in Africa, 01 in South East Asia, 06 in Middle East and 20 in India; including 19 new customers added from various geographies. We will continue to focus on our key markets, including India, South East Asia, the Middle East and Africa, as well as our growing markets in Australia and Europe.

Nucleus Software- Worldwide Presence



Continuing the relentless focus on customer success, your Company launched a range of innovative solutions during the year.

Overall, Indian IT companies had a satisfactory year in terms of financial performance, driven by factors such as digitisation and non-linear growth models. Indian IT firms continue to move up the value chain by providing more end-to-end solutions and engaging more closely with the clients.

According to Gartner, the global enterprise IT spending in the banking and securities market grew by 5.1% in 2018 and is projected to grow by 4% in 2019. Gartner also reports that banks remain steadfast as they continue to prioritize digitization through business optimization and transformation. By 2020 Gartner expects the sector to spend USD 626 billion on IT.

Digital transformation is the Number One priority for the bank CIOs, according to Gartner's 2019 CIO Agenda survey. From a technology perspective, the CIOs are expecting artificial intelligence, data analytics, and digital transformation and cloud technologies to be game changers. They also expect to increase their spending in business intelligence, cyber security, digital business initiatives and core system improvement / transformation projects. Forrester Research predicts that banks will again focus on innovation at the back office – driven by the need to improve margins in key business areas. It also predicts that many banks will find that their place in some ecosystems has been supplanted by disruptors – for example PayPal and Stripe in the provision of services for small businesses.

Since the rise of FinTech, the world of lending has been abuzz with the power of "digital" – FinTechs positioned themselves as offering "digital only" and "neo-digital" experiences, while traditional lenders focused on adding a digital flavor to their services. Transformation, disruption and revolution have all been associated with digital. Clients are welcoming these developments, expecting that their lending experiences will change for the better.

15. NEW PRODUCT LAUNCHES

During the year, your Company has continued to enhance its solutions to take advantage of the market trends, such as increasing digitalization of financial services. We have leveraged India Stack further to offer end-to-end digitalization of Loan Lifecycle.

Your Company launched a sourcing channel application – mFin that offers specialized solution for microfinance loan application processing. The mFin app provides on-the-go capabilities to acquire microfinance customers for Joint Liability Groups as well as Self Help Groups. mFin empowers the sales team to be efficient in data capturing, planning customer visits and in making credit decisions. This channel capability has been fully extended to the core application processing platform FinnOne Neo™ CAS.

As a part of the ongoing development program, your Company also launched FinnAxia™ 6.0. FinnAxia 6.0 comes with advanced supply chain finance and trade finance solutions which will enable banks to capture this massive opportunity and help them gain and retain their position as the banker-of-choice for the new customer segments. The supply chain supports the 4-corner model (two-bank interoperable), 3-corner model (single-bank closed) and the point model of financing. The 4-corner model facilitates the on-boarding process of buyers and sellers and gives trade banks an extended global reach based on interbank relationships.

The trade finance solution in FinnAxia 6.0 was launched with new features such as standby letters of credit - which mitigates risks in the exports business; shipping guarantees -which provides benefits to the buyer with faster possession of goods and improved cash flow; and multi-currency import and export loans - which assist with funding trade transactions at important points throughout the trading cycle of a company; thus enabling seamless cross border trade.

The new solution also includes a slew of updates in the front-end, ensuring enhanced usability and smoother operations. Security has been enhanced with the provision of login fingerprinting. The solution also enables banks to provide frictionless real-time payments and new payment distribution channels (mobile wallets) for their customers.

With FinnAxia 6.0, banks can thus help their new customers not only fulfil their growth aspirations but also build a better relationship with their supply chain partners.

During the year, PaySe™ payment solutions have been expanded in both functionality and reach making it truly an offline and online payment solution. PaySe offline payment solutions were deployed in rural India and are going to be a key infrastructure in making digital villages. PaySe is moving in the direction of partnering with financial institutions to make micro credit on tap a reality. PaySe online payment solutions gives a migration path to our rural customers who are having smart phones, have mobile literacy and are capable of using mobile apps. PaySe enables merchant payments, mobile recharges, bill payments, ordering for your daily needs, split bills, scratch cards management etc.

The Government of India has launched a massive program to move the country from a cash- based economy to a digital economy and PaySe, it is envisioned , will play an important role as it is primarily focusing on the rural and semi urban economy.

16. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- Nucleus Software is ranked second in "Corporate Governance and Sustainability Vision Awards 2019" as held by Indian Chamber of Commerce, for the Best Practices followed in the Industry.
- Annual Report of the Company for FY 17-18 won a Gold award for excellence within the Industry - Technology-Software and a ranking of # 33 amongst the top 100 Annual Reports worldwide by League of American Communications Professionals LLC (LACP) .
- Nucleus Software won the 'Best Lending Technology Implementation' award at the BFSI Leadership Awards 2018.

17. SUBSIDIARY COMPANIES

Your Company has nine subsidiaries across the globe. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

The following table provides a list of all these subsidiaries as on March 31, 2019:

Name of Subsidiary	Location	Date of Incorporation/ Acquisition	Percentage of Shareholding
Nucleus Software Solutions Pte. Ltd.	Singapore	February 25, 1994	100%
Nucleus Software Inc.	USA	August 5, 1997	100%
Nucleus Software Japan Kabushiki Kaisha	Japan	November 2, 2001	100%
VirStra *i*- Technology Services Ltd.	India	May 6, 2004	100%
Nucleus Software Netherlands B.V.	Netherlands	February 3, 2006	100%
Nucleus Software Ltd.	India	April 21, 2008	100%
Nucleus Software Australia Pty. Ltd.	Australia	February 3, 2014	100%
Nucleus Software South Africa Pty. Ltd.	South Africa	February 10, 2015	100%
Avon Mobility Solutions Pvt. Ltd.	India	March 17, 2016	100%

There has been no material change in the nature of the business of the subsidiaries.

During the year, your Company acquired the remaining 4% shareholding of Avon Mobility Solutions Pvt. Ltd. (96% shareholding was acquired in March 2016) and it is now a wholly owned Subsidiary of the Company.

The Board of Directors reviews the affairs of these subsidiaries periodically. These subsidiaries help the Company in providing front end support to customers and explore new opportunities.

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed form AOC 1 is provided as Annexure B to this Directors' Report. The statement also provides the details of performance, financial position of each of the subsidiaries.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

a) Nucleus Software Solutions Pte. Ltd.

Nucleus Software Solutions Pte. Ltd. (NSS) is based in Singapore. It was incorporated in 1994 to expand the Company's business in South East Asia. Currently, it is the central entity for Asia-Pacific excluding Japan and Australia with responsibility for business development, sales and software development services for customers in the region.

b) Nucleus Software Inc.

Nucleus Software Inc. (NSI) is based in New Jersey, USA. It was incorporated in 1997 for providing business presence in the Americas. NSI operates as a business development and sales hub for the region.

c) Nucleus Software Japan Kabushiki Kaisha

Nucleus Software Japan Kabushiki Kaisha (NSJKK) is based in Tokyo, Japan. It was incorporated in 2001 to expand business in the country. NSJKK operates as a business development and sales hub for Japan. Additionally the subsidiary provides software development services, to the local customers in Japan.

d) VirStra *i*- Technology Services Ltd.

VirStra *i*- Technology Services Ltd. is based in Pune, India. It was incorporated in 2004 to provide software development services, targeted at the Japanese market.

e) Nucleus Software Netherlands BV

Nucleus Software Netherlands BV (NSBV) is based in Amsterdam, The Netherlands. It was incorporated in 2006 for enlarging business presence in the European market. NSBV is a business development and sales hub for Nucleus in Europe.

f) Nucleus Software Ltd.

Nucleus Software Ltd. (NSL) has operations in Jaipur with registered office in New Delhi. It was incorporated in 2008 for facilitating delivery to larger clients through operations in a Special Economic Zone. NSL acquired 17.41 acre of land in the Mahindra World Special Economic Zone, Jaipur and has co-developed a 250-seater facility. NSEL had setup SEZ unit in this 250 seator facility in August, 2011 which is under Exit Process as on the date of this Report.

g) Nucleus Software Australia Pty. Ltd.

Nucleus Software Australia Pty. Ltd. (NSA) is based in Sydney, Australia. It was incorporated in 2014 for tapping the growing business opportunities in ANZ region. NSA operates as a business development and sales hub for the region. Additionally, the subsidiary provides software development services, to the local customers in Australia.

h) Nucleus Software South Africa Pty. Ltd.

Nucleus Software South Africa Pty. Ltd. (NSSA) is based in Johannesburg, South Africa. It was incorporated in 2015 for tapping the growing business opportunities in South African region. NSSA operates as a business development and sales hub for the region.

i) Avon Mobility Solutions Pvt. Ltd.

Avon Mobility Solutions Pvt. Ltd, has operations in Chennai, with registered office at Delhi. It has very good experience in logistics domain and expertise in developing mobile applications.

Avon Mobility Solutions Pvt. Ltd. became subsidiary of your Company on March 17, 2016.

18. SCHEME OF AMALGAMATION

The Board of Directors at its meeting held on March 1, 2019, considered and approved a scheme of amalgamation pursuant to Sections 230 to 232 read with Section 234 and other relevant provisions of the Companies Act, 2013, of wholly owned subsidiaries, Virstra I Technology Services Ltd. and Avon Mobility Solutions Pvt. Ltd. into and with Parent Company Nucleus Software Exports Ltd. The Scheme of Amalgamation is subject to necessary statutory and regulatory approvals under applicable laws, including approval of the National Company Law Tribunal. The Scheme of Aamalgamation will, inter alia, enable optimisation of legal entity structure through rationalization of number of subsidiaries, integration of business operations leading to operational synergies, provide your Company a seamless access to the assets of the subsidiaries and also result in reduction of the multiplicity of legal and regulatory compliances.

19. INFRASTRUCTURE

Your Company, along with its subsidiaries, has offices at several locations across the globe. The office space and seating capacity of these offices as on March 31, 2019 is detailed below:

Office Location	Area in sq. ft.	Seating Capacity - No. of Persons
India		
Noida	208,122	1,677
Jaipur	22,312	250
Pune	9,573	114
Chennai	12,286	134
New Delhi	4,200	40
Mumbai	3,250	31
Overseas		
Singapore	4,807	61
Dubai, UAE	1,290	17
Tokyo, Japan	735	15
Manila, Philippines	102	3
Jakarta, Indonesia	97	3
London, UK	226	2
Sydney, Australia	130	2
California, USA	100	1
New Jersey, USA	146	4
	267,376	**2,354**

Noida, New Delhi and Jaipur premises are owned by the Company and its subsidiaries.

20. QUALITY PROCESSES

Your Company is committed to ensure the highest level of quality of its products and services. The key focus for the year under report was to synchronize, standardize and quantify the quality processes with the transformational journey of the organisation. Process improvement initiatives were centred on 'Process Optimization'. The FinnEdge implementation methodology has emerged as standard implementation methodology for New Products. Extension to FinnEdge i.e. Rapid got introduced and implemented in a few projects that helped the implementation of solution in quick time for first time customers. FinnEdge covers various aspects of the project from 'Value Creation to Value Realization' and from 'Project Discovery' to 'Project Implementation' to 'Project Upgrade'.

To improve and measure Product Quality, Integrated Defect Management System was introduced. It enabled easy and standardised defect management and tracking processes along with measuring SLA's of customer reported issues.

A dedicated Quality Assurance team handles the process change management, implementation and its adherence across the organization. This team monitors quality and productivity improvements through audits and dashboard reporting.

21. BRAND VISIBILITY

In FY 2019, your Company continued to grow its marketing operations and activities in support of its strategic aspirations.

During the year, the Company moved forward on its agenda of growth into new markets around the world by establishing brand awareness and generating demand from focused target segments. Your Company is continually investing in marketing, with the below objectives:

- Ensure that your Company is known for providing high quality, innovative lending and transaction banking solutions to the target markets.
- Establish your Company as an Industry Thought Leader.
- Equip the sales team fully with all the material and tools required to sell the product or service the Company offers.

Industry Interactions

During the year, NSEL participated in number of leading Industry fora globally to showcase it's expertise and product offerings. Such key forums include:

Continuing our strategic focus on Australia, NSEL sponsored the 10th annual Australian Mortgage Innovation Summit 2019 where it presented it's views on "Transforming Lending for Tomorrow – Going beyond Digital". Throughout the year, NSEL also hosted a number of roundtable sessions with industry leaders across a range of business segments.

In South East Asia (SEA), NSEL participated in the 8th Innovation and New Technology in Cash Management event hosted by GFMI – Global Financial Markets Intelligence. It conducted an exclusive Masterclass workshop focused on the topic "Chasing Digital – A Digitization Playbook for Wholesale banking".

In the Middle East, the NSEL team showcased its digital lending solutions at the Middle East Banking Innovation Summit 2018, (MEBIS) and addressed the session on "Transforming Financial Services Beyond Digital". NSEL presented it's views on the evolving nature of technology at the GCC Smart Government & Smart Cities conference –a global platform dedicated to shaping the future of government in Dubai.

NSEL sponsored the 61st RBAP Charter Anniversary Symposium 2018 in the Philippines and showcased expertise on how the unique combination of advanced lending technology and cloud can help rural banks in the Philippines in providing end-to-end digitized loan services, making better credit decisions faster, quickly scaling operations and ensuring faster compliance to regulatory requirements.

NSEL demonstrated how banks in Malaysia can leverage technologies such as artificial intelligence and analytics in payments to enable added security, speed and convenience for their corporate customers at the IDC Financial Insights' FinTech Innovation Summit 2018 in Malaysia. NSEL was invited to present to the board of one of Malaysia's largest banks, as part of their board-level initiative, to investigate the future of technology in banking.

In Indonesia, NSEL presented it's views on the topic -"Artificial Intelligence for Risk Mitigation in an era of Faster Payments" at the Asian Banker Future of Finance Summit.

In Africa, NSEL participated in The New Age Banking Summit (NABS 2018) in Lagos, Nigeria. NSEL also participated in the Seamless East Africa 2018 and showcased expertise on how it's solutions can help banks become the digital corporate bank of tomorrow – today.

In India, we demonstrated how our market leading solution, FinnOne Neo Cloud, is helping NBFCs and HFCs drive innovation in lending by enabling faster launch of personalized products, customer centric loan services, making better credit decisions faster and on-demand scalability at the 5th NBFC100 Tech Summit in Mumbai. We also attended the 5th Microfinance & NBFCs Exhibition (MiNE 2018) in Kolkata and demonstrated how the use of advanced technology can help reduce time to market, make better credit decisions faster, scale up quickly and incorporate data driven insights easily.

NSEL hosted an online, interactive roundtable webinar on 'Driving Innovation in lending with cloud' inassociation with Dun & Bradstreet. NSEL attended the 3rd NBFC100 Tech Summit in Delhi, and organized an industry roundtable, for banks & NBFCs, on 'Lending with Analytics & AI: Profitable, Smarter & Customer-oriented' in Mumbai in association with Dun & Bradstreet.

Digital Presence & Visibility

Your Company continued to build its presence in the traditional media as well as on social media channels. Media activities continued with interactions with worldwide media including television, print, wires and online portals and source exclusive media opportunities in various geographies such as Australia, Africa, the Middle East and India. Social media has been a focus area, covering a wide range of brand activities and our successes. Your Company used social media primarily for activities involving thought leadership blogs, articles, press releases, customer video testimonials and other business content marketing purposes.

22. HUMAN RESOURCE MANAGEMENT

Your Company is determined to accelerate its growth story by corresponding to the changing needs of diverse workgroup by fostering an engaging work environment, to constantly build up the unique capabilities and skills of the people. The global employee strength of the Company, at the end of FY 2019, was 2,054.

During the year, there were many new launches of organization-wide initiatives to ensure that the high-performance and dedicated workforce worked unitedly towards excellence, like:

1. Delivering Business Excellence – Frequent connect sessions with associates largely targeting the high potential areas
   a. Gathering insights about the workplace, culture & opportunities offered & sharing them with the business for preventive action
   b. Acting as strategic business partner by regularly sharing HR metrics in the form of dashboard and meeting for actions on a monthly and quarterly basis
   c. Launch & closure of Trust Survey
   d. Closure of actions of last year Trust Survey
   e. Gearing up for making it "One of the Great Places to Work for"
2. Employee Assist – Conceptualize & execute suitable interventions to keep associates motivated with a key objective of "Enhancing Employee Experience"
   a. Revamping referral program to attract talent from the industry
   b. Aligning the annual performance management process (NucEDGE18) to the industry standards
   c. Launch of day care in Nucleus Software premises
   d. Coffee sessions with Senior Leadership
   e. Launch of Skillsoft's e-learning modules organization wide, as a platform to improve technology skills and soft skills
   f. Focus on leadership development via:
      i. Leadership Engagement Action & Development (LEAD) and Young Leaders' Program (YLP)
      ii. IIM/MDI residential programs

g. MIT online design thinking and system architecture programs

h. CYMORG, a business simulation tool for top leaders to hone their decision making skills
   - nanobytes launched organization wide : gamified short learning capsules focusing on specific competencies for individuals and teams
   - initiatives towards values understanding

Your Company's focus lies in creating a performance-based culture, driven by focused growth and clear career development plan for each employee. The HR roadmap will also focus on 'Collaboration & Acceleration' to stimulate our strategic growth through employee empowerment to make it a great place to work for.

Directors' Report

23. CORPORATE GOVERNANCE

The Directors at NSEL believe that good and effective Corporate Governance is basic to achieve corporate vision and mission of the organization; it is more that organizational culture rather than a steadfast adherence to rules and regulations that propels organisations like NSEL to greatness. Corporate Governance is about optimizing all the stakeholders' value legally, ethically and sustainably. Law alone cannot bring changes and transformation and voluntary compliance both in form and in spirit plays an important role in developing good Corporate Governance.

Your Company has established and maintained a strong ethical environment, overseen by Board of Directors, where 5 out of 8 Directors are Independent. The Company's practices and policies reflect the true spirit of Corporate Governance initiatives.

Your Company is in compliance of all mandatory requirements of Corporate Governance as stipulated as per Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015. Compliance status is provided in the Corporate Governance section of the Annual Report. A certificate issued by the Statutory Auditors of the Company under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015, confirming compliance of the conditions of Corporate Governance, is provided as Annexure C to this Directors' Report. The auditors' certificate for fiscal 2019 does not contain any qualifications, reservations or adverse remark.

A detailed report on Corporate Governance for the year forms part of the Annual Report.

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In accordance with the provisions of the Companies Act 2013 and the Articles of Association of the Company, Ms. Ritika Dusad, Non Executive Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Mr. S M Acharya, Mr. Prithvi Haldea, Prof. Trilochan Sastry, and Mrs. Elaine Mathias are Independent Directors as per the Companies Act, 2013, not liable to retire by rotation, to hold office for five consecutive years. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

Mr. Prithvi Haldea and Prof. Trilochan Sastry were appointed as Independent Directors of the Company to hold office for five consecutive years for a term up to July 25, 2019, not liable to retire by rotation. Mrs. Elaine Mathias was appointed as Independent Director of the Company to hold office for five consecutive years for a term up to September 19, 2019, not liable to retire by rotation. The Board of Directors at their meeting held on April 23, 2019 at the recommendation of Nomination and Remuneration/Compensation Committee, recommended reappointment of Mr. Prithvi Haldea, Prof. Trilochan Sastry and Mrs. Elaine Mathias as Independent Directors for another term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

During the year, the tenure of Mr. N. Subramaniam as an Independent Director of the Company came to an end on March 31, 2019. Mr. N. Subramaniam conveyed his desire not to seek re-appointment as an Independent Director of Company for the second term. The Board members thanked Mr. N. Subramaniam for his immense contribution and guidance, and in framing a strategic roadmap of the Company during his tenure.

Mr. R. P. Singh was appointed as a Whole-time Director of the Company, by the Board of Directors for a period of 5 years, on July 26, 2014. His current term of appointment as a Whole time Director is expiring on July 25, 2019. Further, the Board of Directors on the recommendation of the Nomination and Remuneration/Compensation Committee appointed Mr. R. P. Singh, Whole-time Director as the Chief Executive Officer of the Company i.e. April 1, 2018.

The Board members, at their meeting held on April 23, 2019, on the recommendation of Nomination and Remuneration/ Compensation Committee, have approved the re-appointment of Mr. R P Singh as a Whole-Time Director for another term of five years, subject to approval of shareholders in the forthcoming Annual General Meeting.

Mr. Vishnu R. Dusad was reappointed as Managing Director w.e.f. January 1, 2017 for a period of 5 years. His present term expires on December 31, 2021.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Vishnu R. Dusad, Managing Director, Mr. R. P. Singh, CEO, Mr. Ashish Nanda, Chief Financial Officer and Ms. Poonam Bhasin, Company Secretary are the Key Managerial Personnel of the Company as on date of the report.

25. BOARD EVALUATION

The Board of Directors carried out an annual evaluation of its own performance and performance of the Chairman, Board committees and individual directors pursuant to the provisions of the Companies Act 2013 and the Corporate Governance requirements under Regulation 25 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015.

The Board, along with the Nomination and Remuneration/ Compensation Committee, developed and adopted the criteria and framework for the evaluation of each of the Directors and of the Board and its Committees.

The evaluation was then conducted as per the approved process (explained in detail in the Report on Corporate Governance of the Annual report). The Chairman of the Committee also had interactions with each of the Directors and sought their feed-back and suggestions on the overall Board Effectiveness and Directors performance.

In addition, pursuant to the provisions of Schedule IV to the Companies Act, 2013 the Independent Directors reviewed the performance of the Non-Independent Directors and of the Board as a whole, performance of the Chairman of the Board taking into account the views of all the Directors, and the quality, quantity and timeliness of flow of information between the Company management and the Board and its sufficiency for the Board to effectively perform its duties.

The Chairman placed the Evaluation Summary before the committee members. The same was discussed in detail, and the members recorded their satisfaction.

26. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The primary responsibility of the Nomination and Remuneration/ Compensation Committee (NRC) is to identify and nominate suitable candidates for Board membership. The Committee also formulate policies relating to the remuneration of Directors, Key Managerial Personnel and other senior employees of the Company.

The Committee, while evaluating potential candidates for Board membership, considers a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and match these with the requirements set out by the Board. The basic responsibilities of NRC with regard to Directors' appointment are as follows:

- Recommending desirable changes in Board size, composition, Committee structure and processes, and other aspects of the Board's functioning;
- Formulating criteria for determining qualifications, positive attributes and Independence of a Director
- Conducting search and recommending new Board members in light of resignation of current members or a planned expansion of the Board;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The policy of the Company for "Selection of Directors" is provided as Annexure D and "Policy of Remuneration for Directors, Key Managerial Personnel and other Employees" is provided as Annexure E to this Directors' Report. These Policies are also available on the Company website link: http://www.nucleussoftware.com/investors.

27. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015.

28. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR'S

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters can be accessed on the Company website link : http://www.nucleussoftware.com/investors.

29. MEETINGS OF THE BOARD OF DIRECTORS

The Board met 8 times during the year. The details are provided in the Report on Corporate Governance, a part of the Annual Report.

30. COMMITTEES OF THE BOARD

There are four Committees of the Board as on March 31, 2019, as follows:

- Audit Committee
- Nomination and Remuneration/Compensation Committee
- Stakeholder Relationship Committee
- Corporate Social Responsibility Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance, a part of the Annual Report.

The Composition of Board Committees as on March 31, 2019 is as follows:

	Audit Committee	**Nomination & Remuneration / Compensation Committee**	**Stakeholder Relationship Committee**	**Corporate Social Responsibility Committee**
Mr. S M Acharya	√			√
Mr. Vishnu R Dusad			√	√
Mr. Prithvi Haldea	√	√	√	√
Mrs. Elaine Mathias	√	√		
Prof. Trilochan Sastry	√	√	√	√
Mr. N. Subramaniam*	√			

** Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.*

Directors' Report

31. VIGILANCE MECHANISM

The Company has a well-established whistle blower policy as part of it's prevalent oversight mechanism for observing the conduct of Directors and employees and report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of Director(s)/employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

32. SIGNIFICANT AND MATERIAL ORDERS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

33. REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors has reported to the Audit Committee, under Sec 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees.

34. RISK MANAGEMENT POLICY

The Company has developed and implemented a 'Risk Management Policy' that includes identification of elements of risk, which in the opinion of the Board may threaten the existence of the Company. Risk Management Report forms a part of the Annual Report.

35. ADDITIONAL INFORMATION TO SHAREHOLDERS

Detailed information to the shareholders is provided in the Shareholders' Referencer, a part of the Annual Report.

36. AUDITORS

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act 2013 and the rules framed thereafter, M/s BSR and Co., LLP, Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the Annual General Meeting (AGM) of the Company held on July 8, 2016 until the conclusion of Annual General Meeting of the Company to be held in Calendar year 2021. The requirement to place the matter relating to appointment of the statutory auditors for ratification by the Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of same has been included in the Notice for the ensuing AGM.

Secretarial Auditor

As per the Companies Act 2013, Secretarial Audit by a practicing Company Secretary has become mandatory for prescribed companies, and they are required to annex the Secretarial Audit report with their Board Report in the Annual Report. We are pleased to inform that your Company, as a voluntary practice, has been getting Secretarial Audit done for the past several years and also reporting it in the Annual Report.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board appointed, M/S Sanjay Grover and Associates, Practising Company Secretaries to undertake the Secretarial Audit of the Company. Secretarial Audit Report in the prescribed Form MR 3 is provided as Annexure F to this Directors' Report. The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

The Company voluntarily adheres to the various Secretarial Standards issued by the Institute of Companies Secretaries of India.

37. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the financial statements.

M/s BSR and Associates LLP, the statutory auditors of the Company, has audited the financial statements included in the annual report and has issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act 2013).

38. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Inclusive growth and sustainable development are strong pillars of your Company's responsible corporate citizenship and are a part of the core values and driving force for many of its initiatives. The Company believes that responsible investments in this regard will generate long term value for all the stakeholders.

In accordance with requirements of The Companies Act 2013, the Company has a Corporate Social Responsibility Committee comprising of a majority of Independent Directors and chaired by an Independent Director, Prof. Trilochan Sastry, Mr. Vishnu R Dusad, Mr. Prithvi Haldea and Mr. S. M. Acharya are the other members. The Committee framed and recommended a CSR Policy to the Board for adoption and instituted a transparent monitoring mechanism for ensuring implementation of the projects / activities to be undertaken by the Company.

The CSR Policy may be accessed on the Company website link: http://www.nucleussoftware.com/investors.

Your Company has set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company. This Foundation, established in 2014 as a Section 25 Company, works towards its stated mission: "Empowering underprivileged with essence of education and thereby better livelihood and better life".

During the year, the Foundation worked towards its aim to improve the educational quality standards for the underprivileged children studying at government primary schools and NGO aided schools, through its benchmark remedial program, NSF Hybrid Learning Program.

The NSF team has designed a remedial program to bridge the gap identified by the baseline test conducted across the selected schools. The program bridges the gap of the students in the area of Math and English. The aim is to bring children closer to the learning levels appropriate for their assigned classes. The program helps in learning through the well-curated teaching learning material, practice notebooks, engaging digital content, and doing intelligent assessments. The digital content on the tab is mapped to the remedial program which we have designed based on the learning level of the student.

NSF was able to reach over 2500 students across 70 schools In Noida, Greater Noida, and Dehradun. The program was run in an intensive mode, with facilitators from our implementing partners', at the selected 30 schools on a daily basis.

In the remaining schools of Greater Noida, NSF had trained the selected teachers of the respective schools to manage the program. This has resulted in an improvement in the learning levels of children in these government schools.

Besides the government schools, NSF worked extensively with an NGO learning centre in Ghaziabad where it sponsored their human resource, rental cost, and helped them in designing an effective learning program. The students of NGO use NSF Hybrid Learning Program quite extensively. NSF also conducted sports day and some other recreational activities for them.

The other CSR initiatives undertaken by the Foundation during the year were:

- Sponsored tuition and hostel fees for two students of IIT Roorkee.
- Supported the training needs of nine young kids in the Vikasnagar area of Dehradun where NSF worked in government schools.
- Skill Development and livelihood support: Provided tailoring training to the underprivileged women in Chennai.
- Assisting an NGO 'Ables Charity' at Faridabad and 'Samriddhi Trust' at Sadarpur Noida to run their bridge schools for out-of-school children.

The Annual Report on CSR activities is provided as Annexure G to this Directors' Report.

39. EMPLOYEE STOCK OPTION PLAN (ESOP)

Currently, there is only one ESOP scheme prevalent in the Company; ESOP scheme - 2015 (instituted in 2015). As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust, which is established to carry out activities for the benefit and welfare of its Employees by launching various Schemes in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Details of ESOP as per the provisions of Companies Act, 2013 and Rules made there under are as follows:

Particulars			**2015 Plan**
a)	Total number of options under the Plan		500,000
(b)	Pricing formula		100% of the Fair Market Price as on date of grant
(c)	Options granted during the year		–
(d)	Options vested as of March 31, 2019		–
(e)	(i)	Options exercised during the year	–
	(ii)	Total number of shares arising as a result of exercise of above options during the year	–
(f)	Options forfeited during the year		–
(g)	Option lapsed during the year		–
(h)	Variation of terms of options during the year		–
(i)	Amount realized by exercise of options during the year		–
(j)	Total number of options in force as on March 31, 2019		–

During the year, no stock options were granted to any employee under the above-mentioned ESOP plan and therefore no calculations are required to be made or reported regarding difference between intrinsic value and fair market value of ESOPs granted.

40. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the prescribed format and annexed as **Annexure H** to this Directors' Report.

Having regard to the provisions of the first provision to Section 136(1) of the Companies Act, 2013 and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is available on the Company's website.

41. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to as per Section 134 (5) of the Companies Act, 2013, the Directors confirm that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018-19.

42. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company in the prescribed Form MGT-9, is provided as Annexure I to this Directors' Report. The same is available on http://www.nucleussoftware.com/investors.

43. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is provided as Annexure J to this Directors' Report.

44. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act 2013 are not applicable for the business activities carried out by the Company.

45. INTERNAL COMPLAINTS COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Nucleus values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company has put in place a 'Policy against Sexual Harassment', compliant with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). The Internal Complaints Committee at all the locations of the Company across India has been constituted, to consider and resolve all sexual harassment complaints as reported under the policy. The Committee also includes external member from NGOs or with relevant experience. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy. There were no complaints received, disposed and/or pending during the financial year.

46. ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the co-operation received from the Government of India, State Governments of Delhi, Uttar Pradesh and Rajasthan, Customs and Excise Departments, Department of Scientific and Industrial Research (Ministry of Science and Technology) ,Software Technology Park-Noida, Software Technology Park-Chennai, Software Technology Park-Pune, Special Economic Zone authorities and other government agencies.

Your Directors would also like to thank the Company's customers, bankers, vendors, partners and shareholders for their continued support to the Company. In specific, the Board would like to put on record its sincere appreciation of the commitment and contribution made by all employees of the Company.

For and on behalf of the Board of Directors

Sd/-

Noida **S. M. Acharya**

April 23, 2019 **Chairman**

ANNEXURES TO THE DIRECTORS' REPORT

Annexure A	Particulars of contracts or arrangements with related parties in Form AOC-2
Annexure B	Salient features of the financial statement of subsidiaries in Form AOC-1
Annexure C	Certificate by Statutory Auditors confirming compliance of the conditions of Corporate Governance
Annexure D	Policy for selection of Directors
Annexure E	Remuneration Policy for Directors, Key Managerial Personnel and other employees
Annexure F	Secretarial Audit Report in Form MR 3
Annexure G	Annual Report on CSR activities
Annexure H	Disclosures pertaining to remuneration under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
Annexure I	Extract of Annual Return of the Company in the prescribed Form MGT-9
Annexure J	Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo

Annexure A

FORM - AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis-

   There were no contracts or arrangements entered by the Company during FY 2018-19 which were not at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis-

   The transactions /entered into by the Company with related parties were at arm's length but were not material.

   (a) Name(s) of the related party and nature of relationship: N.A

   (b) Nature of contracts/arrangements/transactions: N.A

   (c) Duration of the contracts/arrangements/transactions: N.A

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A

   (e) Date(s) of approval by the Board, if any: N.A

   (f) Amount paid as advances, if any: N.A

For and on behalf of the Board of Directors

Sd/-

S.M. Acharya
Chairman

Noida
April 23, 2019

Annexure B

FORM AOC -1

Statement containing salient features of the financial statement of subsidiaries

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed From AOC-1 is attached at the end of consolidated financial statements of the Company.

Annexure C

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)

To the Members of
Nucleus Software Exports Limited,

1. This report is issued in accordance with the terms of our engagement letter dated 10 April 2019.
2. This report contains details of compliance of conditions of Corporate Governance by Nucleus Software Exports Limited ("the Company") for the year ended 31 March 2019 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock exchanges.

Management's Responsibility

3. The compliance with the terms and conditions regarding Corporate Governance as stipulated in Listing Regulations is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions regarding Corporate Governance as stipulated in Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions regarding Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable, during the year ended 31 March 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037
UDIN: 1909503 7AAAAAP8082

Gurugram
23 April, 2019

Annexure D

POLICY FOR SELECTION OF DIRECTORS

A. OBJECTIVE

The objective of this Policy is to promote an optimal structure of the Board of Directors of Nucleus Software Exports Ltd. (the Company), to encompass varied expertise, diversity and independence .

B. DEFINITIONS

1. **“The Policy”** means Policy for selection of Directors of the Company.
2. **“The Board”** means Board of Directors of the Company.
3. **“The Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
4. **“The Committee”** means the Nomination and Remuneration Committee of the Company as constituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
5. **“Directors”** means Directors of the Company
6. **“Independent Director”** means a Director appointed as such in accordance with the requirements laid down by the Companies Act, 2013 and applicable rules and regulations of the Listing Agreement, including amendments thereto.

   Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Rules made there under as amended from time to time shall have the meaning respectively assigned to them therein.

C. RESPONSIBILITY FOR SELECTION

The Board has established a Nomination and Remuneration/Compensation Committee (the Committee) to assist in fulfilling its responsibilities relating to the size and composition of the Board. The Committee is responsible for evaluating suitable candidates, for making appropriate recommendations to the Board and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

D. PROCEDURE FOR NOMINATION, SELECTION AND APPOINTMENT OF DIRECTORS

1. Board Initiation

The Board shall continuously assess its current and requisite strengths and enumerate the desired composition of the Board in line with the Company’s strategic priorities. The Board shall interact with the Committee when ever there is a need for induction of new Director/s and shall highlight the attributes of the desirable candidate.

2. Selection Procedure

The Committee shall follow the process as outlined below for shortlisting suitable candidates for appointment as new Directors on the Board:

a. The Chairman of the Committee, in consultation with its members, shall prepare the candidate profile.

b. The Board members may suggest some potential candidates. The Chairman of the Committee may seek external professional advice for developing a list of potential candidates for Directorship.

c. Profiles of the shortlisted potential candidates shall then be examined by the Committee. The Committee, while evaluating the potential candidates, shall consider a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and match these with the requirements set out by the Board. While screening the potential candidates, the Committee shall necessarily consider the following:

   (i) Qualifications, skills and experience

   (ii) Potential contribution of the candidate to the Board /Company

   (iii) Time commitment that the candidate can provide

   (iv) Independence of the candidate in case he/she is being appointed as an Independent Director.

d. After review and interviews, the Committee shall recommend a candidate/s to the Board for its approval

e. The Board shall discuss the Committee’s proposal and either approve the same or request it to find some more candidates.

f. Before final appointment, the final shortlisted candidates may also be requested to come for a meeting with the Board members.

g. The proposed candidate shall also be required to fulfill the requirements as may be prescribed under the Act, Listing Agreement and other relevant laws.

h. The selected candidate shall then be appointed as an Additional Director, subject to ratification by the shareholders.

i. A formal appointment letter shall be issued by the Company to each new Director, which shall set out the key terms of appointment

E. TERM/TENURE OF A DIRECTOR

1. Managing Director/Whole-Time Director

The Board shall appoint any person as a Managing Director and CEO or Whole-Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term

2. Independent Director

An Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly

3. Retirement

No person shall be nominated or continue to serve as a 'Director' after he or she has passed his or her 75th Birthday.

F. Policy Review

This Policy is purely at the discretion of the Nomination and Remuneration/Compensation Committee and it reserves its right to recommend modifications in this Policy to the Board, as per applicable laws and regulations, at any time without assigning any reason whatsoever.

For and on behalf of the Board of Directors

Sd/-

S.M. Acharya
Chairman

Noida
April 23, 2019

Annexure E

Remuneration Policy for Board Members, Key Managerial Personnel and other Employees

A. OBJECTIVE

Nomination and Remuneration/Compensation Committee of the Board, shall recommend this Policy to the Board, relating to the remuneration of the Directors, Key Managerial Personnel and other employees. The objective of this policy is to ensure that :

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

B. DEFINITIONS

1. **"The Policy"** means Remuneration Policy For Board Members, Key Managerial Personnel and other Employees
2. **"The Board"** means Board of Directors of the Company.
3. **"The Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
4. **"The Committee"** means the Nomination and Remuneration / Compensation Committee of the Company as constituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
5. **"Directors"** means Directors of the Company
6. **"Independent Director"** means a Director appointed as such in accordance with the requirements laid down by the Companies Act, 2013 and applicable rules and regulations of the Listing Agreement, including amendments thereto.
7. **"Key Managerial Person"** means key managerial personnel as defined under Section 2(55) of the Companies Act, 2013 and amendments made from time to time and includes the following personnel in the Company :
   (i) the Chief Executive Officer or the Managing Director or the Manager;
   (ii) the Company Secretary and
   (iii) the Chief Financial Officer;
8. **"Senior Management"** means personnel of the Company who are members of its management team members excluding the Board of Directors.

   Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Rules made there under as amended from time to time shall have the meaning respectively assigned to them therein.

C. REMUNERATION TO EXECUTIVE DIRECTORS

The Remuneration to be paid to Executive Directors shall be governed as per provisions of the Companies Act, 2013 and Rules made there under. The same shall be determined by the Committee and recommended to Board for approval.

1. Remuneration structure of the Executive Directors shall include following components:
   a. Fixed Pay
   b. Perquisites and allowances
   c. Commission
   d. Stock options
2. The Committee may recommend an increase in existing remuneration structure to the Board, within the limits as approved by shareholders.
3. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

D. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS

The Remuneration to be paid to Non-Executive/Independent Directors shall be governed as per provisions of the Companies Act, 2013 and Rules made there under. The same shall be determined by the Committee and recommended to Board for approval.

1. **Commission-based payment**

   Non-Executive / Independent Directors of the Company may be paid an amount not exceeding one percent of the net profits of the Company in terms of provisions of the Companies Act, 2013 and Rules made thereunder as amended from time to time, and as approved by the shareholders.

2. **Sitting fee**

   Non-Executive / Independent Directors of the Company shall be paid a sitting fee for attending the Board as well as the Committee meetings as per the Companies Act, 2013 and Rules made thereunder as amended from time to time

3. **Employee Stock Options (ESOP)**

   An Independent Director shall not be entitled to any stock option of the Company

4. **Pension**

   The Board of Directors of the Company are not covered by any pension scheme or any defined benefit pension scheme.

5. **Reimbursement of expenses**

   The Company shall reimburse the Directors all traveling, hotel, and other incidental expenses properly and reasonably incurred by them in the performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Company rules and policies.

E. REMUNERATION OF KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT PERSONNEL

Remuneration of KMP's (excluding the Managing Director and Executive Director, which is already covered above) and Senior management personnel, shall be reviewed /decided on an annual basis, or earlier if deemed necessary, by the Nomination and Remuneration/ Compensation Committee.

The Remuneration shall consist of the following components:

- Fixed remuneration
- Variable pay
- Incentives if any
- Employee Stock Options (ESOP)
- Reimbursement of expenses

F. Policy Review

This Policy is purely at the discretion of the Nomination and Remuneration/Compensation Committee and it reserves its right to recommend modifications in this Policy to the Board, as per applicable laws and regulations, at any time without assigning any reason whatsoever.

For and on behalf of the Board of Directors

Sd/-

Noida **S.M. Acharya**

April 23, 2019 **Chairman**

Annexure F

MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Nucleus Software Exports Limited
(CIN: L74899DL1989PLC034594)
33-35, Thyagraj Nagar Market,
New Delhi- 110003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nucleus Software Exports Limited** (hereinafter called 'the Company'), which is a listed Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) *The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

  (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

* No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India which has been generally complied with. The Company was generally regular in filing of e-forms with the Registrar of Companies.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, to the extent applicable, as mentioned above.

It is also reported that the Investor Complaints Statement as required under Regulation 13(3) of Listing Obligations and Disclosures Requirements) Regulations, 2015 for the quarter ended September 30, 2018 was submitted to the stock exchange on October 22, 2018 due to some technical issue faced by the Company while uploading.

(vi) The Company is engaged in the business of Development and Marketing of software product and software services for business entities in the Banking and Financial Services (BFS) vertical having its operating unit(s) located in Noida, Uttar Pradesh which is under the Software Technology Park scheme of the Government of India. Further, following are some of the laws which are specifically applicable to the company, viz.:-

- The Special Economic Zone Act, 2005 and Rules made;
- Information Technology Act, 2000 and Rules made;
- Compliances related to Software Technology Parks of India {an autonomous society registered under the Societies Registration Act 1860};
- Foreign Trade Policy as formulated under Foreign Trade (Development and Regulation) Act, 1992 and Rules made thereunder;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to it.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent in advance of the meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Board of Directors has pursuant to the provisions of Section 230 to 232 and other applicable provisions of Companies Act, 2013 approved the scheme of Amalgamation of the Company with its wholly owned subsidiaries namely Virstra-i Technology Services Limited and Avon Mobility Solutions Private Limited in its Board meeting held on March 01, 2019

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-
Devesh Kumar Vasisht
Partner
CP No.: 13700

New Delhi
April 23, 2019

Annexure G

ANNUAL REPORT ON CSR ACTIVITIES

Brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Corporate Social Responsibility (CSR) is a means to balance economic, social and environmental objectives while addressing stakeholder expectations and enhancing shareholder value. It is a responsible way of doing business.

The objective of CSR framework at Nucleus is to encourage the stakeholders to have a more meaningful engagement with the business rather than the often-prevalent one-sided expectation driven engagement.

Your Company has set up Nucleus Software Foundation (NSF) , a Trust for the purposes of undertaking CSR activities of the Company.

The CSR Policy may be accessed on the Company website link: http://www.nucleussoftware.com/investors.

As per the CSR Policy, the objective of CSR will be achieved through concentrated and dedicated initiatives/projects encompassing the following identified core areas:

Education –

- o To encourage the development of human capital of the country by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.
- o Including special education and employment enhancing vocation skills specially among children, women, elderly, and differently abled and livelihood enhancement projects
- o Providing basic computer based literacy programs for unprivileged children in nearby villages
- o Assisting in providing better infrastructural facilities to schools for construction/renovation/repair of hostels, school buildings, classrooms etc.

Health & Medical Care –

- o Promoting preventive health care measures
- o Assisting in providing better infrastructural facilities to Medical Centres/Hospitals/Dispensaries etc.
- o Actively supporting healthcare programmes of nearby localities.

Community at large –

- o Setting up homes and hostels for women, orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- o Promote employment opportunities for differently abled persons.
- o Development of rural based projects

Environment –

- o Promote ecological balance, protection of flora and fauna, animal welfare, conservation of natural resources and maintaining quality of soil, air and water.
- o Promoting recycling waste for energy production and installation of solar panels.

Focus areas :

During the year, the Nucleus Software Foundation (NSF) worked towards its aim to make the educational quality standards better for the underprivileged children studying at government primary schools and NGO aided schools, through its benchmark remedial program, NSF Hybrid Learning Program.

The NSF team has designed a remedial program to bridge the gap identified by the baseline test conducted across the selected schools. The program bridges the gap of the student in the area of Math and English. The aim is to bring children closer to the learning levels appropriate for their assigned classes. The program helps in learning through the well-curated teaching learning material, practice notebooks, engaging digital content, and doing intelligent assessments. The digital content on the tab is mapped to the remedial program which we have designed based on the learning level of the student.

We were able to reach over 2500 students across 70 schools In Noida, Greater Noida, and Dehradun. The program was run in an intensive mode, with facilitators from our implementing partners', at the selected 30 schools on a daily basis.

In the remaining schools of Greater Noida, we had trained the selected teachers of the respective schools to manage the program. We have seen a great positive shift in the learning levels of children in these government schools.

Besides the government schools, we worked extensively with an NGO learning centre in Ghaziabad where we sponsored their human resource, rental cost, and helped them in designing an effective learning program. The students of NGO use NSF Hybrid Learning Program quite extensively. We also conducted sports day and some other recreational activities for them.

The other CSR initiatives undertaken by the Foundation during the year were:

- Sponsored tuition and hostel fees for two students of IIT Roorkee.
- Supported the training needs of nine young kids in the Vikasnagar area of Dehradun where we worked in government schools.
- Skill Development and livelihood support: Provided tailoring training to the underprivileged women in Chennai.
- Assisting an NGO 'Ables Charity' at Faridabad and 'Samriddhi Trust' at Sadarpur Noida to run their bridge schools for out-of-school children.

CSR committee: In accordance with the requirements of Companies Act 2013, the Company has a Corporate Social Responsibility Committee comprising of a majority of Independent Directors and chaired by an Independent Director. The CSR Committee comprises of Prof. Trilochan Sastry- Chairman of Committee, Mr. Vishnu R Dusad , Mr. Prithvi Haldea and Mr. S. M. Acharya.

Average net profit of the Company for last three financial years for the purpose of computation of CSR:

As per the Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is required to mandatorily spend at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, on prescribed CSR activities.

Particulars		*(Amount in ₹ crore)*
a.	Average net profits of the Company for the last three financial years	50.97
b.	Prescribed CSR expenditure (2% of average net profits as above)	1.02
Details of CSR expenditure during the financial year (FY 18-19)		
c.	Amount contributed to Nucleus Software Foundation by the Company	1.02
d.	Amount spent by Nucleus Software Foundation	0.62
e.	Amount unspent for financial year (FY 18-19) (b-d)	0.40

The manner in which the amount was spent during the financial year is detailed as below:

CSR project or activity	**Sector in which the project is covered**	**Location of the Projects / programs**	**Amount outlay (budget) (in ₹ crore)**	**Amount spent on the projects or programs (in ₹ crore)**	**Cumulative expenditure upto the reporting period (in ₹ crore)**	**Amount spent: Direct or through implementing agency**
i. Expenditure on Project /Programme						
Enabling Quality Education	Promoting education	Delhi and surrounding areas in Noida (UP)	0.28	0.28	0.28	Through Nucleus Software Foundation
		Delhi and surrounding areas in Noida (UP)	0.15	0.15	0.15	Implementation through support partner Foster and forge foundation partner
Educational assistance	Promoting education	IIT Roorkee Delhi /NCR/ Dehradun	0.01 0.15	0.01 0.15	0.01 0.15	Through Nucleus Software Foundation
Administration expenses	Overheads		0.03	0.03	0.03	Through Nucleus Software Foundation
Total			**0.62**	**0.62**	**0.62**	

Reasons for not spending the prescribed amount

NSF is currently studying the effectiveness and success of its main program - NSF Hybrid Learning Program. The Foundation will be expanding this program in future and will also increase the scope of work in the core area of education.

There was a shortfall of ₹ 0.40 crore in the expenditure done on CSR activities by the Foundation, with regard to the amount mandated as per law.

In furtherance of its aim, to make educational quality better, NSF also contributed following amounts post closure of FY 18-19 :

S.No	Name of Agency	Amount spent on the projects or programs (in ₹ crore)	Amount spent: Direct or through implementing agency
1.	Parivaar Education Society- to assist in running their learning centres for tribal kids in Madhya Pradesh.	0.10	Through Nucleus Software Foundation
2.	Mahan Trust- to assist them in providing yoga education to tribal kids of Melghat region of Maharashtra	0.05	Through Nucleus Software Foundation
3.	The action northeast Trust (ANT) - to assist in running a program to improve the learning outcome in Maths for the tribal kids of Chirang region in Assam	0.05	Through Nucleus Software Foundation
4.	Suniye - They run a school for hearing impaired kids In Delhi	0.05	Through Nucleus Software Foundation
	Total	**0.25**	

Responsibility statement of the CSR committee

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Sd/-
Vishnu R Dusad
(Managing Director)

Sd/-
Prof. Trilochan Sastry
(Chairman CSR Committee)

Noida
April 23, 2019

Annexure H

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

A. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company:

Independent Directors	Ratio to median remuneration (FY19)
Mr. S.M. Acharya	3.36
Mr. Prithvi Haldea	3.61
Mrs. Elaine Mathias	3.49
Prof. Trilochan Sastry	3.36
Mr. N. Subramaniam	3.11
Ms. Ritika Dusad	2.35

Executive Directors	Ratio to median remuneration (FY19)
Mr. Vishnu R. Dusad	9.81
Mr. Ravi Pratap Singh	40.70

B. **(1) The percentage increase in remuneration of each Director, CFO & Company Secretary**

Name	Title	Remuneration in fiscal 2019 (in ₹)	Remuneration in fiscal 2018 (in ₹)	No. of stock options / RSUs granted in fiscal 2018	% increase of remuneration in 2019 as compared to 2018	Excl. WTD	Incl. WTD	Ratio of remuneration to	
						Ratio of remuneration to MRE	Ratio of remuneration to MRE and WTD	Revenues (fiscal 2019)	Net Profit (fiscal 2019)
Mr. Vishnu R. Dusad	Managing Director	6,234,406	6,028,800	Nil	3.41	9.84	9.81	0.16	0.82
Mr. Ravi Pratap Singh	CEO & Executive Director	25,874,191	18,057,121	Nil	43.29	40.85	40.70	0.65	3.42
Mr. Ashish Nanda	Chief Financial Officer	13,043,323	9,690,289	Nil	34.60	20.59	20.52	0.33	1.72
Ms. Poonam Bhasin	Company Secretary	3,765,719	3,198,135	Nil	17.75	5.94	5.92	0.09	0.50

RSU - Restricted Stock Units

WTD - Whole-time Director

MRE - Median Remuneration of Employees

Remuneration paid to Independent Director

(Amount in ₹)

Name of the Director	Remuneration in fiscal 2019	Remuneration in fiscal 2018	Number of Stock Options/ RSU's granted in fiscal 2019	% increase of remuneration (2019 over 2018)
Mr. S.M. Acharya	2,136,667	1,797,995	-	19%
Mr. Prithvi Haldea	2,296,667	2,117,995	-	8%
Mrs. Elaine Mathias	2,216,667	1,917,995	-	16%
Prof. Trilochan Sastry	2,136,667	1,957,995	-	9%
Mr. N. Subramaniam	1,976,666	1,677,995	-	18%
Ms. Ritika Dusad	1,496,666	1,237,995		21%

C. The percentage increase in the median remuneration of employees in the financial year:

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 6,33,436/- and ₹ 5,56,276/- in fiscal 2019 and fiscal 2018 respectively. The increase in MRE (excluding WTDs) in fiscal 2019, as compared to fiscal 2018 is 13.87%

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 6,35,775/- and ₹ 5,56,369/- in fiscal 2019 and fiscal 2018 respectively. The increase in MRE (including WTDs) in fiscal 2019, as compared to fiscal 2018 is 14.27%

D. The number of permanent employees on the rolls of Company:

The number of permanent employees on the rolls of the Company as of March 31, 2019 and March 31, 2018 was 1,877 and 1,688 respectively.

E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 8-9% in India. However, during the course of the year, the total increase is approximately 7.5%, after accounting for promotions and other event based compensation revisions. Employees outside India received a wage increase varying from 3% to 4%. Increase in the managerial remuneration for FY19 is not comparable with FY18 owing to change in role/ designation and hence, not stated.

F. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

G. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

EXTRACT OF ANNUAL RETURN FORM - MGT 9

As on the financial year ended on 31st March 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.	**REGISTRATION AND OTHER DETAILS:**	
(i)	CIN	L74899DL1989PLC034594
(ii)	Registration Date	January 9, 1989
(iii)	Name of the Company	Nucleus Software Exports Limited
(iv)	Category / Sub-Category of the Company	Category - Public Limited Company / Company Limited by Shares Sub–Category – Indian Non- Government Company
(v)	Address of the Registered office and contact details	33- 35, Thyagraj Nagar Market, New Delhi – 110003 Tel :– 011 – 24627552
(vi)	Whether listed company Yes / No	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Pvt. Ltd. Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814, mailmanager@karvy.com
II.	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**	
	All the business activities contributing 10 % or more of the total turnover of the company shall be stated	As per Annexure I 1
III.	**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**	As per Annexure I 2
IV.	**SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)	
	i) Category-wise Share Holding	As per Annexure I 3
	ii) Shareholding of Promoters	As per Annexure I 4
	iii) Change in Promoters' Shareholding	As per Annexure I 5
	iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADR)	As per Annexure I 6
	v) Shareholding of Directors and Key Managerial Personnel	As per Annexure I 7
V.	**INDEBTEDNESS**	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Annexure I 8
VI.	**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**	
	i) Remuneration to Managing Director, Whole-time Directors and/or Manager:	As per Annexure I 9
	ii) Remuneration to other Directors	As per Annexure I 10
	iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD	As per Annexure I 11
VII.	**PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**	As per Annexure I 12

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Products	620	94%
2	Projects & Services	620	06%

Annexure - 2

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Nucleus Software Limited 33-35, Thyagraj Market, New Delhi – 110003	U74120DL2008PLC176975	Subsidiary	100%	2(87) (ii)
2	Virstra i-Technology Services Limited 33-35, Thyagraj Market, New Delhi – 110003	U72200DL2004PLC126213	Subsidiary	100%	2(87) (ii)
3	Nucleus Software Solutions Pte. Ltd. 300, Tampines Avenue-5 # 04-06, Tampines Junction, Singapore-529653	N. A	Subsidiary	100%	2(87) (ii)
4	Nucleus Software Japan Kabushiki Kaisha Mitsubishi Building 11F, 5-2 Marunouchi, 2 Chome Chiyoda Ku Tokyo 100-0005 Japan	N. A	Subsidiary	100%	2(87) (ii)
5	Nucleus Software Inc. 505, Thornall State, Suite 401, Edison, NJ 08837-2260 USA	N. A	Subsidiary	100%	2(87) (ii)
6	Nucleus Software Netherlands B.V. Cuserstraat 93, Floor 2 and 3, Amsterdam, 1081 CN. Netherlands	N. A	Subsidiary	100%	2(87) (ii)
7	Nucleus Software Australia Pty. Ltd. Suite 4, 96-98 Wigram Street Harris Park, NSW 2150, Australia	N. A	Subsidiary	100%	2(87) (ii)
8	Nucleus Software South Africa (Pty) Ltd. 28, Fort Street, BIRNAM, Gauteng 2196, Johannesburg	N. A	Subsidiary	100%	2(87) (ii)
9	Avon Mobility Solutions Private Limited 33-35, Thyagraj Market, New Delhi – 110003	U72900TN2007PTC063505	Subsidiary	100%	2(87) (ii)

Annexure - 3

(IV) (i) Category - Wise Share Holding Between 31/03/2018 AND 31/03/2019

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	2,467,026	-	2,467,026	8.50	2,467,026	-	2,467,026	8.50	0.00
(b)	Central Government/ State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	17,160,840	-	17,160,840	59.09	17,160,840	-	17,160,840	59.09	0.00
	Sub-Total A(1) :	**19,627,866**	**-**	**19,627,866**	**67.59**	**19,627,866**	**-**	**19,627,866**	**67.59**	**0.00**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	0.00	-	-	-	0.00	0.00
(b)	Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Institutions	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(2) :	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**19,627,866**	**-**	**19,627,866**	**67.59**	**19,627,866**	**-**	**19,627,866**	**67.59**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	369,241	-	369,241	1.27	369,241	-	369,241	1.27	0.00
(b)	Financial Institutions / Banks	4,619	-	4,619	0.02	184,024	-	184,024	0.63	0.61
(c)	Central Government / State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
(f)	Foreign Institutional Investors	2,680,355	-	2,680,355	9.23	2,217,285	-	2,217,285	7.64	-1.59
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(1) :	**3,054,215**	**-**	**3,054,215**	**10.52**	**2,770,550**	**-**	**2,770,550**	**9.54**	**-0.98**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	594,109	1,000	595,109	2.05	587,028	1,000	588,028	2.02	-0.02
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	3,382,622	78,883	3,461,505	11.92	3,710,654	65,119	3,775,773	13.00	1.08
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,665,577	-	1,665,577	5.74	1,711,976	-	1,711,976	5.90	0.16
(c)	Others									
	CLEARING MEMBERS	29,639	-	29,639	0.10	9,793	-	9,793	0.03	-0.07
	I E P F	47,450	-	47,450	0.16	50,156	-	50,156	0.17	0.01
	NON RESIDENT INDIANS	490,115	-	490,115	1.69	418,155	-	418,155	1.44	-0.25
	NRI NON-REPATRIATION	69,048	-	69,048	0.24	88,227	-	88,227	0.30	0.07
	TRUSTS	200	-	200	0.00	200	-	200	0.00	0.00
(d)	**Qualified Foreign Investor**	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**0.00**
	Sub-Total B(2) :	**6,278,760**	**79,883**	**6,358,643**	**21.90**	**6,576,189**	**66,119**	**6,642,308**	**22.87**	**0.98**
	Total B=B(1)+B(2) :	9,332,975	79,883	9,412,858	32.41	9,346,739	66,119	9,412,858	32.41	0.00
	Total (A+B) :	28,960,841	79,883	29,040,724	100.00	28,974,605	66,119	29,040,724	100.00	0.00
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**28,960,841**	**79,883**	**29,040,724**	**100.00**	**28,974,605**	**66,119**	**29,040,724**	**100.00**	

Annexure - 4

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2018)			Shareholding at the end of the year (as on March 31, 2019)			
		No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total Shares	% change in shareholding during the year
1	KARMAYOGI HOLDINGS PRIVATE LTD	9,000,000	30.99	-	9,000,000	30.99	-	-
2	MADHU DUSAD	3,066,248	10.56	-	3,066,248	10.56	-	-
3	VISHNU DUSAD	1,603,492	5.52	-	1,603,492	5.52	-	-
4	RITIKA DUSAD	1,000,000	3.44	-	1,000,000	3.44	-	-
5	KRITIKA DUSAD	1,000,000	3.44	-	1,000,000	3.44	-	-
6	YOGESH ANDLAY	863,534	2.97	-	863,534	2.97	-	-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2018)			Shareholding at the end of the year (as on March 31, 2019)			
		No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total Shares	% change in shareholding during the year
7	NUCLEUS SOFTWARE ENGINEERS PVT LTD	2,385,882	8.22	-	2,385,882	8.22	-	-
8	NUCLEUS SOFTWARE WORKSHOP PRIVATE LIMITED	600,000	2.07	-	600,000	2.07	-	-
9	NAVEEN KUMAR	72,952	0.25	-	72,952	0.25	-	-
10	SUMAN MATHUR	23,758	0.08	-	23,758	0.08	-	-
11	CARD SYSTEMS PRIVATE LIMITED	12,000	0.04	-	12,000	0.04	-	-

Annexure - 5

LIST OF PROMOTER SHAREHOLDERS COMPARISION REPORT BETWEEN 31/03/2018 AND 31/03/2019

		Shareholding at the begnning of the year as on April 1, 2018			Increase/ Decrease in Shareholding		Shareholding at the end of the year as on March 31, 2019			
Sl No	Name of the Share Holder	No of Shares held	% of total Shares of the company	Pledge Share as on 31/03/2018	No of Shares	Reason	No of Shares Held	% of total Shares of the company	Pledge Share as on 31/03/2019	Change in Share-holding
1	KARMAYOGI HOLDINGS PRIVATE LTD	9,000,000	30.99	0	-	Nil Movement	9,000,000	30.99	0	0
2	MADHU DUSAD	3,066,248	10.56	0	-	Nil Movement	3,066,248	10.56	0	0
3	NUCLEUS SOFTWARE ENGINEERS PVT LTD	2,385,882	8.22	0	-	Nil Movement	2,385,882	8.22	0	0
4	VISHNU R DUSAD	1,603,492	5.52	0	-	Nil Movement	1,603,492	5.52	0	0
5	KRITIKA DUSAD	1,000,000	3.44	0	-	Nil Movement	1,000,000	3.44	0	0
6	RITIKA DUSAD	1,000,000	3.44	0	-	Nil Movement	1,000,000	3.44	0	0
7	YOGESH ANDLAY	863,534	2.97	0	-	Nil Movement	863,534	2.97	0	0
8	NUCLEUS SOFTWARE WORKSHOP PRIVATE LIMITED	600,000	2.07	0	-	Nil Movement	600,000	2.07	0	0
9	NAVEEN KUMAR	72,952	0.25	0	-	Nil Movement	72,952	0.25	0	0
10	SUMAN MATHUR	23,758	0.08	0	-	Nil Movement	23,758	0.08	0	0
11	CARD SYSTEMS PRIVATE LIMITED	12,000	0.04	0	-	Nil Movement	12,000	0.04	0	0

Annexure - 6

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
		Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
Sl No	Name of the Share Holder	No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1	FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUNDS	884,399	3.05	31/03/2018			884,399	3.05
				06/04/2018	-27,591	sold	856,808	2.95
				13/04/2018	-6,808	sold	850,000	2.93
				11/05/2018	-11,309	sold	838,691	2.89
				18/05/2018	-14,161	sold	824,530	2.84
				25/05/2018	-11,425	sold	813,105	2.80
				01/06/2018	-11,779	sold	801,326	2.76
				08/06/2018	-9,090	sold	792,236	2.73
				15/06/2018	-22,278	sold	769,958	2.65
				22/06/2018	-7,210	sold	762,748	2.63
				29/06/2018	-9,260	sold	753,488	2.59
				06/07/2018	-16,880	sold	736,608	2.54
				13/07/2018	-37,624	sold	698,984	2.41
				20/07/2018	-36,495	sold	662,489	2.28
				27/07/2018	-44,819	sold	617,670	2.13
				03/08/2018	-17,670	sold	600,000	2.07
				31/03/2019			600,000	2.07
2	ARUN JAIN	410,399	1.41	31/03/2018			410,399	1.41
				31/03/2019			410,399	1.41
3	ICICI PRUDENTIAL TECHNOLOGY FUND	369,241	1.27	31/03/2018			369,241	1.27
				31/03/2019			369,241	1.27
4	DHANANJAYA DVIVEDI	282,703	0.97	31/03/2018			282,703	0.97
				31/08/2018	-13,600	sold	269,103	0.93
				07/09/2018	-28,800	sold	240,303	0.83
				14/09/2018	-32,104	sold	208,199	0.72
				05/10/2018	208,199	purchase	416,398	1.43
				05/10/2018	-208,199	sold	208,199	0.72
				31/03/2019			208,199	0.72
5	HIRZEL CAPITAL MASTER FUND, L.P.	207,294	0.71	31/03/2018			207,294	0.71
				31/03/2019			207,294	0.71
6	B N NAGAMANI	181,010	0.62	31/03/2018			181,010	0.62
				31/03/2019			181,010	0.62
7	GENERAL INSURANCE CORPORATION OF INDIA	-	0.00	31/03/2018			-	0.00
				22/06/2018	5,614	purchase	5,614	0.02
				29/06/2018	27,559	purchase	33,173	0.11
				06/07/2018	3,788	purchase	36,961	0.13
				20/07/2018	20,531	purchase	57,492	0.20
				27/07/2018	33,000	purchase	90,492	0.31
				03/08/2018	10,550	purchase	101,042	0.35

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
		Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
Sl No	Name of the Share Holder	No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
				07/12/2018	9,586	purchase	110,628	0.38
				14/12/2018	10,091	purchase	120,719	0.42
				21/12/2018	20,901	purchase	141,620	0.49
				28/12/2018	5,368	purchase	146,988	0.51
				31/12/2018	4,472	purchase	151,460	0.52
				04/01/2019	13,245	purchase	164,705	0.57
				11/01/2019	7,750	purchase	172,455	0.59
				31/03/2019			172,455	0.59
8	ACADIAN EMERGING MARKETS EQUITY II FUND LLC	147,536	0.51	31/03/2018			147,536	0.51
				31/03/2019			147,536	0.51
9	RAJASTHAN GLOBAL SECURITIES PVT LTD	141,678	0.49	31/03/2018			141,678	0.49
				04/05/2018	-2,574	sold	139,104	0.48
				01/06/2018	52,000	purchase	191,104	0.66
				01/06/2018	-52,000	sold	139,104	0.48
				06/07/2018	-60,000	sold	79,104	0.27
				10/08/2018	30,000	purchase	109,104	0.38
				16/11/2018	30,000	purchase	139,104	0.48
				01/03/2019	3,044	purchase	142,148	0.49
				31/03/2019			142,148	0.49
10	LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	133,100	0.46	31/03/2018			133,100	0.46
				11/05/2018	-6,000	sold	127,100	0.44
				18/05/2018	-7,200	sold	119,900	0.41
				25/05/2018	-4,100	sold	115,800	0.40
				01/06/2018	-3,700	sold	112,100	0.39
				08/06/2018	-4,200	sold	107,900	0.37
				15/06/2018	-7,000	sold	100,900	0.35
				22/06/2018	-2,745	sold	98,155	0.34
				29/06/2018	-3,013	sold	95,142	0.33
				06/07/2018	-648	sold	94,494	0.33
				13/07/2018	-7,394	sold	87,100	0.30
				17/08/2018	962	purchase	88,062	0.30
				24/08/2018	9,540	purchase	97,602	0.34
				31/08/2018	5,203	purchase	102,805	0.35
				07/09/2018	7,095	purchase	109,900	0.38
				14/09/2018	8,551	purchase	118,451	0.41
				21/09/2018	2,665	purchase	121,116	0.42
				28/09/2018	1,800	purchase	122,916	0.42
				05/10/2018	1,700	purchase	124,616	0.43

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
		Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
Sl No	Name of the Share Holder	No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
				12/10/2018	600	purchase	125,216	0.43
				19/10/2018	384	purchase	125,600	0.43
				31/03/2019			125,600	0.43
11	ARUN SHEKHAR ARAN	120,131	0.41	31/03/2018			120,131	0.41
				31/03/2019			120,131	0.41

Annexure - 7

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
			Shareholding at the begginning of the Year as on April 1, 2018				Cumulative Shareholding end of the year March 31, 2019	
Sl No	Name of the Share Holder	Date	No of Shares	% of total shares of the company	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	VISHNU R DUSAD	31/03/2018	1,603,492	5.52	_		1,603,492	5.52
		31/03/2019			_		1,603,492	5.52
2	RITIKA DUSAD	31/03/2018	1,000,000	3.44	_		1,000,000	3.44
		31/03/2019			_		1,000,000	3.44
3	RAVI PRATAP SINGH	31/03/2018	151,977	0.52	_		151,977	0.52
		31/03/2019			_		151,977	0.52
4	NARAYANAN SUBRAMANIAM	31/03/2018	7,684	0.03			7,684	0.03
		01/03/2019	7,684	0.03	-7684	Transfer	-	0.00
		31/03/2019			_		-	0.00
5	POONAM BHASIN	31/03/2018	10	0.00	_		10	0.00
		31/03/2019					10	0.00

Annexure - 8

The following Directors did not hold any shares during the FY 2018-19

1. Prithvi Haldea
2. Elaine Mathias
3. S. M. Acharya
4. Prof. Trilochan Sastry

The following Key Managerial Personnel did not hold any shares during the FY 2018-19

1. Ashish Nanda

V. INDEBTEDNESS – Not Applicable

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Annexure - 9

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(in ₹)**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Vishnu R Dusad	R P Singh	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the	6,205,606	25,834,591	32,040,197
	(b) Income-tax Act, 1961	28,800	39,600	68,400
	(c) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	- others	Nil	Nil	Nil
5.	Others	Nil	Nil	Nil
	Employer's contribution to PF	360,000	897,935	1,257,935
	Total (A)	**6,594,406**	**26,951,708**	**33,546,114**
	Ceiling as per the Act ₹ 94,027,000 (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act 2013)			

Annexure - 10

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Prithvi Haldea	S. M. Acharya	Elaine Mathias	Prof. Trilochan Sastry	N Subramanaiam	Ritika Dusad	Total Amount
1.	**Independent Directors**							
	• Fee for attending board committee meetings	8,80,000	720,000	800,000	720,000	560,000		3,680,000
	• Commission*	1,416,667	1,416,667	1,416,667	1,416,667	1,416,666		7,083,334
	• Others, please specify	–	–	–	–	–		–
	Total (1)	**2,296,667**	**2,136,667**	**2,216,667**	**2,136,667**	**1,976,666**		**10,763,334**
2.	**Other Non-Executive Directors**							
	• Fee for attending board committee meetings	**NA**	**NA**	**NA**	**NA**	**NA**	80,000	80,000
	• Commission	–	–	–	–	–	1,416,666	1,416,666
	• Others, please specify	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	**1,496,666**	**1,496,666**
	Total (B) = (1 + 2)	**2,296,667**	**2,136,667**	**2,216,667**	**2,136,667**	**1,976,666**	**1,496,666**	**12,260,000**
	Total Managerial Remuneration							
	*Overall Ceiling as per the Act ₹ 94,027,000 (being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act 2013)							

Annexure - 11

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Poonam Bhasin)	CFO (Ashish Nanda)	Total
1.	Gross salary	NA			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		3,765,719	13,003,723	16,769,442
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		---	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		Nil	Nil	Nil
2.	Stock Option		Nil	Nil	Nil
3.	Sweat Equity				
4.	Commission				
	- as % of profit		Nil	Nil	Nil
	- others, specify...		Nil	Nil	Nil
5.	Others, please specify				
	Employer's contribution to PF		197,639	575,219	772,858
	Total		**3,963,358**	**13,618,542**	**17,581,900**

Annexure - 12

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: - Not Applicable

There were no PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES for the year ending March 31, 2019

Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy , Research and development , Technology Absorption and Foreign Exchange Earnings and Outgo

A. Conservation of Energy

Your Company is always in the lookout for energy efficient measures for operation, and values conservation of energy through usage of latest technologies for improving productivity and quality of products and services.

The Company focuses on processes to monitor and improve environmental performance through various means and initiatives focusing on energy, carbon, water and waste. Moreover, operations of the Company also involve low energy consumption, but still the endeavour is to reduce electricity consumption and the resultant carbon footprint. A few of the energy conserving measures, include the following:

- Replacement of Sodium vapor and CFL based lights by LED based lights is in process. All downlights and about 30% of T-5 lights have already been replaced.
- Strong measures are being observed to ensure that no equipment is left in a switch on mode during non-working hours unnecessarily.
- Use of AAC blocks in construction for keeping the load and pressure on air-conditioning minimal.
- Use of furniture and equipment products that are standard and branded, and which comply with environment-friendly specification.
- Implementation of Green building designs and construction which dramatically reduces the enormous amounts of energy that buildings consume in heating, cooling, lighting and water use.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipment.
- Regular maintenance of all water pumps to improve pump efficiency and thereby reduction in Energy demand
- Waste water from the RO plant is being recycled to conserve water.
- Continuous monitoring of floor areas after normal working hours and switching off lights and air-conditioning.
- Installation of chillers graded with VFD in HVAC plant to reduce energy consumption immensely has been and is being done.
- Replacement of aluminium blade assemblies of cooling tower by FRP blade assemblies has been done.
- Proposal of installation of 160 kwp terrace solar plant is in final stage.
- Optimum and need based utilization/running of AC's, Chillers, AHU's, Pumps, Fans, etc is being ensured.
- Installation of auto controls over running hours of some AC equipment's in areas like Hub Rooms, UPS Rooms, Cafeteria, Audi, etc has been done..

The overall effect of the above measures has led to reduction of energy consumption by 5% and 6% in FY 2017-18 and 2018-19 respectively despite of load increase in Assessment Hub and Cafeteria and >35% increase in head counts (1323 to 1790). Water efficiency and conservation initiatives, rainwater harvesting systems, help the Company in significant conservation of water and minimal wastage.

B. Research & Development

Research and development is a fundamental part of your Company's long term competitive advantage.

Your Company continues to invest significantly in product R&D. Some highlight of the activities are:

- The establishment of a dedicated team which continuously researches technology and business trends in the global market place in order to ensure that your Company builds new innovative capabilities
- Every 6 months the Company releases new versions of our products with enhanced features.
- The Company retains a key focus is on applying new technologies to deliver value to customers. For example, using Artificial Intelligence (AI) and Machine Learning (ML) in the areas of fraud detection, credit evaluation & debt recovery. Chatbots, Image processing are also areas under research.
- There is lot of work going on in the Digital transformation area using
    - Straight Through Processing
    - Self-Servicing Portal
    - Mobility Applications
    - Imaging Solution
    - API Digital Stack
    - Process Automation
- Our Products are mission critical systems for our customers. They are designed to ensure that our customers can run their businesses regardless of changes in volumes. Market trends are leading to rapidly increasing business volumes, often in unpredictable ways, and as such we are constantly working to ensure that our Products continue to be highly Scalable and Secure.
- In line with changing market requirements, we continually develop new business capabilities/modules/products to cater for the ever changing businesses.
- Our teams engage with global Institutions such as MIT, IISc etc. to exploe and learn about new technologies.

The following sections highlight R& D Initiatives in Specific Areas , their benefits and future plan of action:

FinnOne Neo™ Product Suite

FinnOne Neo Product Suite
Customer Acquisition System (CAS)
Loan Management System (LMS)
Collections
Finance Against Securities (FAS)
Enterprise Content Management (ECM)
Mobility Apps: mCAS, mApply, mCollect, mServe & mFin
Portal : eApply & eServe
Lending Analytics

The FinnOne Neo™ suite is one of the Products that has come out of this R&D initiative and is under constant enhancement. FinnOne Neo is an end-to-end solution for Lending Businesses. The CAS module covers the entire Customer Onboarding process, with a multi channel front end and a solid credit process backend. The LMS module takes care of the entire servicing life cycle of a Loan including accounting, repayments, special transaction, NPA Management, self-service through channels etc. The Collection module takes over in managing defaulters or possible defaulters. The FAS module handles specialized financial products like Advances against Securities. All the above are served by the Lending Analytics module with Customer targeting, Credit Scoring, Collection Strategy models.

As part of our 6 monthly release plan, we released FinnOne Neo3.0 in May 2018 and FinnOne Neo 3.5 in November 2018.

Release Highlights
mFin Channel App
Microfinance – SHG and JLG
Agriculture Term Loan
Kissan Credit Card
Construction Equipment
Rate Approval
Disbursal Credit Counselling
Weekly/Biweekly/Daily repayment loans
Omni Product Application processing
Multi Chassis and Multi Body in Single Loan Application
Structured Repayment schedule
Delinquency Monitoring for Charges (non-instalment)
Collection – Expense Monitoring
Collection – Enhanced Rule Engine
Collection – Authority Delegation
API stack for digital landscape

Five additional business product lines were added in these releases. In addition FinnOne Neo's compliance features were enhanced in line with changes in regulatory environments and the digital lending ecosystem.

FinnOne Neo CAS was enriched with support for construction equipment processing such as delivery order at asset, multi body and multi chassis, disbursal credit counselling for micro finance. FinnOne Neo's loan servicing capabilities were enriched with support for new repayment types, new STP, Security Instrument handling. The Collections module was enriched to support strategy preservation, target setting and performance monitoring, Barcode for letters, simplified rule maintenance for complex scenarios.

To support the ongoing digital transformation of lending FinnOne Neo now offers a robust API pack that can be consumed by various 3rd party system/channels.

Lending Analytics (LA) was enhanced with the release of additional features such as Multiple Linear Regression, Clustering, Time Series (Moving Average & Exponential Smoothing), Random Forest & Ensemble Model released during the year.

During the year we enhanced our Mobility solution by adding a range of features including: Voice Based loan servicing and in app search, Push Notifications, Gesture Control. The mServe solution was enriched with Self Service STP's, Interactive Statement. mCollect was enriched with handling for pickup cases. mApply enriched with Limit Module. We added to our solution footprinb by adding a new app called mFin which is used for driving efficiency in micro finance loan acquisition.

FinnAxia ™ Product Suite

FinnAxia Product Suite
Global Receivables
Global Payments
Global Liquidity Management
Financial Supply chain Management (FSCM) & Electronic Invoice Presentment and Payment (EIPP)
Trade Front End
Electronic Bill Presentment and Payment (EBPP)

The FinnAxia™ suite offers an enterprise solution for the Transaction Banking operations of Corporate banks. It offers a wide range of rich capabilities including Receivables Management, Payable Management and Liquidity Management, all of which are designed to allow banks to support the needs of their Corporate customers. It also now offers an innovative Financial Supply Chain platform for Corporates and SMEs. The Product modules can be used as independent product systems or together to form a single integrated platform.

During the year we released FinnAxia 5.5 in June 2018 and FinnAixa 6.0 in December 2018.

Release Highlights
Global Payments: Mobile wallets, Payment API's & enhanced pricing/billing engine
Financial Supply chain Management (FSCM): Dynamic discounting, back to back loan settlement, early invoice financing and SCF API's
Global Liquidity Management : Enhanced pricing/billing engine for Sweep interest allocation
Digital Compass: Enhanced Authorization Matrix
Trade Finance: Shipping Guarantee, Standby Letter of Credit & Import-Export Finance

The integration of complementary business functions, such as cash management and trade finance, has become a priority for banks in recent years, in response to customers' changing working capital needs, and to reflect the increasing cost of capital. Corporate treasurers understand the changing regulatory pressures on banks, and despite the possible constraints in terms of cost and availability of financing, they also see the benefits in terms of improved, more integrated solution offerings that meet their working capital objectives more specifically than a product-led approach. Our releases this year built on this business need.

The theme of Jun '18 Product release was **"Precision Financing for Healthy Supply Chains"**.

The Financial Supply Chain Management (FSCM) solution was enhanced to support Back to Back Loan Initiation & Settlement, Interest calculation & Posting, RM Exception Management, Integrated invoice payments, Customer Credit Exposure Dashboard, Early Invoice Financing, Delayed Financing & Interest Sharing.

The theme of Dec '18 Product release was "Financing the long tail of supply chain".

This version supports – advanced supply chain finance and trade finance solutions which enable banks to capture this massive opportunity and help them gain and retain their position as the banker-of-choice for the new customer segments.

The supply chain solution includes the dynamic discounting feature, which allows both buyers and suppliers to benefit from their financial supply chain and ensures improved relationships between trading partners. The solution also supports the 4 corner model (two-bank interoperable), 3 corner model (single-bank closed) and the point model of financing. The four corner model facilitates the on-boarding process of buyers and sellers and gives trade banks an extended global reach based on interbank relationships.

R & D is a continuous innovation process and with changing needs and technologies we will continue to re-evaluate and where necessary reinvent our solution offerings to meet the needs of the market and our customers.

Research & Development Expenditure

As reported, the in house R&D unit of your Company located in the corporate office in Noida, was accorded initial recognition by the Department of Scientific and Industrial Research (DSIR) from December 31, 2012 till March 31, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsiquently from 1 April 2018 till 31 March 2021. The Company has during the year ended 31 March, 2019 availed and recognised tax benefit under section 35 (2AB).

The R&D expenditure for FY 2019 and FY 2018 is as follows:

(Amount ₹ in crore)

For the Year ended March 31,	**2019**	**2018**
Revenue expenditure	31.06	29.13
R&D expenditure/Total revenue	7.83	8.64

C. Technology Absorption, Adaptation and Innovation

Your Company realizes the importance of innovation and improvements in key areas of business. As business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continued its focus on quality up gradation of software development processes and software product enhancements. This has helped maintain margins despite changes in technology. In order to create a conducive environment which propels adaptation of new ideas, skills and methodologies, your Company has instituted a culture of quality consciousness at the grass-root level.

Your Company not only encourages innovation, but also recognizes and rewards it suitably. This policy is not restricted to technology, but includes innovation in non-IT processes and human resource initiatives.

Information in case of imported technology (imports during the last five years) - not applicable to the Company.

D. Foreign Exchange Earnings and Outgo

1. Export Initiatives and Development of New Export Markets

   Your Company is recognized as one of the pioneers in software exports in the BFS domain. The Company is registered with the Software Technology Park of India, is present in a Special Economic Zone; both as a co-developer and a unit. The Company also has a network of international offices across the globe.

   During the year, your Company won 28 orders and implemented 69 product modules all over the world.

   In FY 2019, foreign exchange earnings from software products and services were at ₹ 258.46 crore, 65% of revenue against ₹ 220.14 crore, 65% of revenue in FY 2018.

2. **Foreign Exchange Earned and Used**

(Amount ₹ in crore)

For the Year ended March 31,	**2019**	**2018**
Foreign Exchange earnings		
from software development of products and services	248.46	211.25
from dividend and interest income	10.00	8.89
Foreign Exchange outgo (Including capital goods)	40.69	44.62

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The pillars of successful Corporate Governance are accountability, fairness, transparency, assurance, leadership and stakeholder management. All six are critical in successfully running an entity and forming solid professional relationships among its stakeholders which include board of directors, managers, employees, customers, regulators and most importantly, shareholders.

SEBI, in its Board meeting on 28 March 2018, considered the Kotak Committee (the Committee) report on Corporate Governance and accepted several recommendations of the Committee which are aimed at all four aspects of Corporate Governance – fairness, transparency, responsibility and accountability.

Company's Philosophy on Corporate Governance

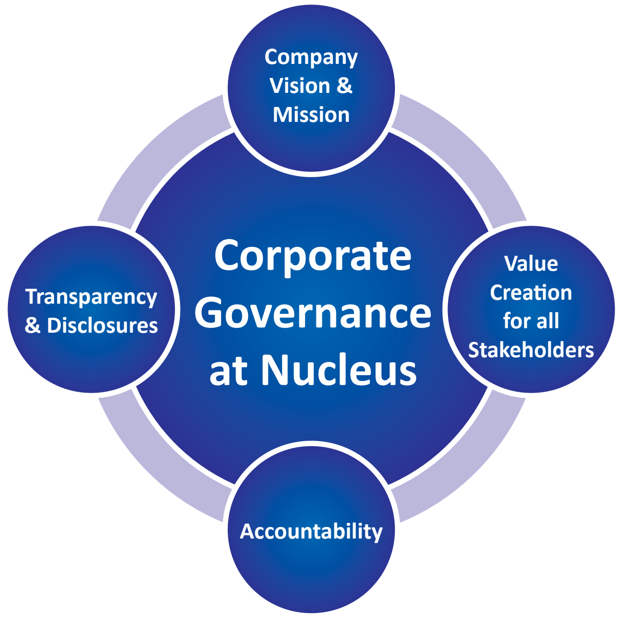
Nucleus has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Our commitment to adoption of best practices of Corporate Governance makes us compliant with the Companies Act 2013 as well as with the provisions of Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The flow of content in this Report is as follows:

Report on Corporate Governance

A. Board of Directors
B. Committee of the Board of Directors
C. Shareholder Information
D. Disclosures
E. General Shareholder Information
F. Compliance with Non-Mandatory Requirements



The Company's Corporate Governance practice is based on the following:

A. Board of Directors

The Company's Board of Directors plays a key role in providing direction in terms of strategy, target setting and performance evaluation of the top management. It places special emphasis on compliance as also ensuring that the Company operates in the best interests of all its shareholders.

Nucleus firmly believes that Board independence is essential to bring objectivity and transparency in the management of the Company. The policy, in fact, has been to have more number of Independent Directors to ensure the independence of Board, and separate its functions of governance and management.

a) Attributes of a Board

It is important to consider a variety of personal attributes among the Board incumbents including intellect, judgment, openness, honesty and the ability to develop trust. A Board requires Directors who have the intellectual capability to question status quo and debate any new policy/strategy as also offer suggestions and alternatives.

Report on Corporate Governance

b) Size and Composition of the Board

An ideal Board should ensure an appropriate balance of power, independence and authority. The key to good Corporate Governance is the optimum combination of the executive and non-executive Directors on the Board. As of March 31, 2019, the Board at Nucleus consists of Eight members; Six Board members are Non-Executive, out of six, five are Independent Non-Executive, one is Non-Executive and two are Executive Directors. All Independent Directors, with their diverse knowledge and expertise, provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence.

Composition of the Board as on March 31, 2019:

Name of Director	Position	Age in years
Mr. S.M Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	70
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	62
Ms. Ritika Dusad (DIN: 07022867)	Non-Executive Director	29
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	68
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	65
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	59
Mr. R. P. Singh (DIN 00008350)	Executive Director	56
Mr. N Subramaniam* (DIN 00166621)	Non-Executive, Independent Director	58

Table 1

** Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.*

A brief profile of each of the Board members is presented below.

Mr. S. M. Acharya, Chairman, Independent Director

Mr. S. M. Acharya is a retired IAS officer of the Karnataka cadre. He has held various senior positions in both State and Central Governments in his long and distinguished career and retired as Secretary to the Government of India in the Ministry of Defence in 2009. Mr. S.M. Acharya went to school in Bangalore and Gwalior and graduated from the universities of Madras and Hong Kong obtaining Bachelor of Arts degrees. He also possesses a Masters Degree in Economics from the Victoria University of Manchester, UK. Having taught at a school for a year and a half, Mr. Acharya enrolled in an intensive course in Chinese language at the University of Delhi, and then sat for the civil service examinations in 1973. He served in the Indian Administrative Service for 35 years based in Karnataka for 20 years and in Delhi for 13 years and 2 years as a probationer in Mussoorie. During the course of these years he has had a variety of experiences that have helped him to gain an insight into the affairs of human beings. After retirement he had been retained by a leading education Trust to act the Chief Executive to help run their engineering and general sciences institutions. He also served as an Independent Director on the Board of the Bharat Electronics Ltd.

Mr. Acharya joined the Board of Directors of Nucleus Software Exports Ltd. in March 2016.

Mr. Vishnu R. Dusad, Managing Director

Mr. Vishnu R. Dusad is one of the key founders of Nucleus Software Exports Ltd. and has served as a Director since the inception of the Company. Mr. Dusad completed his Bachelor's Degree in Technology from Indian Institute of Technology, Delhi, and has also done Masters in Systems and Management. As an entrepreneur, he has been associated with the development of the software industry in India since 1983 as an entrepreneur. Mr. Dusad has enriched Nucleus with his technology background and over 30 years of valuable professional experience in the exciting space of BFSI IT Solutions. He has a deep commitment to making a difference in the lives of fellow Nucleites, and through Nucleus, to the world around. His success in concluding business deals for implementing Nucleus Products globally owes much to a deep sensitivity to cross-cultural nuances. His experience encompasses areas of software development, creation of strategic alliances, business development and the strategic planning.

Mr. Prithvi Haldea, Independent Director

Mr. Prithvi Haldea did his MBA from Birla Institute of Technology & Science, Pilani in 1971. Over the next 18 years, he worked at senior positions in the corporate sector in the areas of exports, consulting and advertising. During late 70s and early 80s, he was also associated with the information industry and, among various activities, worked as a consultant with The World Bank and the U.S. Department of Commerce.

In 1989, Mr. Haldea set up PRIME Database, the country's first and still the only database on the primary capital market. It has a large subscriber base, and is widely reported by the media. Mr. Haldea has been a visiting faculty at several institutions and has addressed hundreds of conferences.

Mr. Haldea is presently a Member of the Government's Standing Council of Experts for the Financial Sector. He is also a member of several committees including SEBI Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures, and Advisory Committee on Individual Insolvency and Bankruptcy, Insolvency and Bankruptcy Board of India. Mr. Haldea is a member of the

Jury for ASSOCHAM's awards for Corporate Governance and for Corporate Social Responsibility. He is also a member of the Editorial Board of ICSI and Financial Services Committee of ICSI. He is a Public Interest Director on the board of Multi Commodity Exchange of India. Additionally, he is an Advisor to the Association of Investment Bankers of India, Gaja Capital, BGJC & Associates, and Association of Independent Directors of India.

Mr. Haldea has served, among others, as a Board Member of the Central Listing Authority-SEBI, First Trustee of the Pension Fund Regulatory & Development Authority, Board of Governors of Indian Institute of Corporate Affairs, Central Government Nominee on the Governing Council of Institute of Chartered Accountants of India and Central Government Nominee on the Governing Council of Institute of Company Secretaries of India. He was also a member of Ministry of Finance Task Force on Financial Redress Agency, Quality Review Board-ICAI, FSDC Committee on Commission/ Incentive Structure of the Distributors of Financial Products, Finance Minister's High-level Expert Committee on Corporate Bonds and Securitization, SEBI Secondary Market Advisory Committee, SEBI Committee on Disclosures & Accounting Standards, SEBI Committee for Review for MAPIN, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Chairman of the ASSOCHAM's National Council for Capital Markets, Rules Committee (for the Companies Act) of the Ministry of Corporate Affairs, MCA Committee on Review of Corporate Governance Norms, MCA Committee for Review of the Chartered Accountants Act, Listing Advisory Committee of NSE, Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE. He was also a member of CII's National Task Force on Financial Markets and NASSCOM's Corporate Governance & Ethics Committee. Mr. Haldea was also the Chairman of PHDCCI Capital Markets Committee and ASSOCHAM Capital Markets Committee. He was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years till end 2011.

In a recent effort, Mr. Haldea has rewritten gratis for SEBI the ICDR Regulations, in an orderly manner, and in simple English.

As an investor protection activist and proponent of corporate governance, Mr. Haldea regularly raises issues with regulators and in the media. In the pursuit of this objective, he has also launched several unique websites which include www.watchoutinvestors.com, aggregating information on economic defaulters which now lists over 4,25,000 cases, www.primedirectors.com: a databank of professionals for listed companies to select independent directors, now hosting profiles of over 20,000 professionals, www.indianboards.com profiling directors of listed companies and www.msmementor.in, a national skills registry of professionals for the benefit of MSMEs. He had earlier designed and maintained www.directorsdatabase.com, covering detailed profiles of directors of Indian listed companies and www.iepf.gov.in, an investor education initiative in 11 languages. He also produced simply-written Investor Guides for the Ministry of Corporate Affairs.

Mr. Haldea has also extended his skills of information management to other organizations, by creating www.bsepsu.com, a website dedicated to disinvestments, a new website www.divest.nic.in for the Department of Disinvestment, the PE/VC Directory for the Indian Venture Capital Association, and nseinfobase.com, a searchable database of information on listed companies.

A lover of Urdu poetry, he is presently devoting a lot of his time to Ibaadat Foundation, which he founded for bringing poets and poetry back to life, through musical dramas. He is also the Founder-Advisor to Rekhta Foundation which has created the world's largest website on Urdu poetry.

Mr. Haldea joined the Board of Directors of Nucleus Software Exports Ltd. in June 2001, of Nucleus Software Ltd. in April 2008 and Virstra- i Technology Services Limited in August 2014.

Mrs. Elaine Mathias, Independent Director

Mrs. Elaine Mathias is a B.Com (Hons.) graduate from Sydenham College of Commerce and Economics, Mumbai. She has a dual Professional qualification and is a Fellow member of the Institute of Chartered Accountants of India and also an Associate member of the Institute of Cost Accountants of India.

Mrs. Elaine Mathias is a highly reputed professional with thirty four years' experience in Bharat Electronics Limited (BEL), Bangalore, a Navratna Company under the Ministry of Defence, Government of India, from where she superannuated as Executive Director (Finance). At BEL she was in charge of various portfolios in Corporate Finance like Accounts, Taxation, Treasury, Budgeting and Pricing and introduced continuous improvements in systems and procedures in all these areas.

Besides her Finance role, she played a very active part in all Human Relations activities including negotiations with the Unions and framing of Personnel Policies within the Government Guidelines. She has proficiency in development of various financial systems, risk management, regulatory compliances, strategy implementation, talent management, best practices of Corporate Governance.

At the time of her superannuation, she was the Chairperson of various Trusts and Committees like the BEL Gratuity Trust, the BEL Superannuation Pension Trust and the Corporate Committee against Sexual Harassment of Women at the Workplace.

She has interacted and represented BEL at meetings with various external agencies like Bankers, Credit rating agencies, Statutory Auditors, Government Auditors, Cost Auditors, Government officials, Financial Analysts, Institutional Investors and Technology Collaborators.

Mrs. Elaine Mathias joined the Board of Directors of Nucleus Software Exports Ltd. in September 2014.

Professor Trilochan Sastry, Independent Director

Professor Trilochan Sastry, former Dean at IIM Bangalore, currently teaches at IIM Bangalore. A B.Tech from IIT,

Report on Corporate Governance

Delhi, an MBA from IIM, Ahmedabad, and a Ph.D. from MIT, USA, Professor Sastry has taught for several years at IIM, Ahmedabad after which he moved to IIM, Bangalore. A recipient of national award for research and teaching, Professor Sastry has taught in many prestigious Universities in India, Japan, Hong Kong and United States and has published several academic papers in Indian and International journals. He had earlier served on the Board of NABARD and also on the Board of IIM Bangalore for 5 years. He is currently a Director on the Board of India farm Foods Pvt. Ltd.

Mr. Trilochan Sastry joined the Board of Directors of Nucleus Software Exports Ltd. in July 2013. He is also on the Board of Nucleus Software Limited.

Mr. R. P. Singh, Executive Director

Mr. Ravi Pratap Singh started his career with Nucleus Software in 1986 and has been part of the team since then. Currently, Mr. Ravi Pratap Singh (RP), is the Chief Executive Officer at Nucleus Software.

In 2014, he joined the Board as an Executive Director. Product innovation is RP's passion and he has been spearheading the launch of cutting edge products at Nucleus Software. His entire career has been spent in designing, developing & delivering best-in-class software solutions for global Banking and Financial Services leaders. RP started the Nucleus School of Banking Technology (NSBT) as a new division of Nucleus Software in 2010 with a vision of developing world class Banking (& Financial) Technology Professionals.

Being a natural mentor and a technocrat of high calibre himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate. In his role as the Global Head of Delivery, RP introduced many measurement models and spearheaded quality initiatives. His innovative yet practical approach to solving "real" business problems makes him a repository of knowledge.

He is also on the Board of Virstra – *i* Technology Services Limited, Nucleus Software Limited, Nucleus Software Japan Kabushiki Kaisha and Nucleus Software Netherland B. V.

Mr. R. P. Singh was appointed as CEO of the Company w.e.f April 1, 2018

Mr. N. Subramaniam, Independent Director

Mr. N. Subramaniam is a post graduate from IIM Ahmadabad and is also CA, CS and CWA by qualification. Having a corporate experience of over 30 years, he founded M Cap Fund Advisors and is its Managing Partner. He is currently a Director on the Board of, Ganesha Ecosphere Limited and NS Equity Advisors Private Limited .In the past, he has been the Chairman of Venture Capital Association of India, Infrasoft Technologies, Vice Chairman of Mphasis, Chairman of Audit Committee of Mphasis and Director of Auro Mira Energy, Maples ESM Technologies, SECOVA, Cybernet Software Systems and SlashSupport Inc. He was also the member of Board at Integra Software Services, SlashSupport, Jyothy Laboratories, SRA Systems, Omkar Clean Energy Services Private Limited and L & T Financial Services His interests, beyond finance, include a passion for Executive Coaching and Green Energy Technologies.

Mr. Subramaniam joined the Board of Directors of Nucleus Software Exports Ltd. in July 2012 and Nucleus Software Australia Pty. Ltd. In February 2014.

Ms. Ritika Dusad, Non-Executive Director

Ms. Ritika Dusad is presently pursuing a PhD in physics from the prestigious Cornell University, USA. She is interested in physics of magnets and spintronics- which is said to be spearheading the next generation memory devices for our computers. Ms. Ritika joined the Board in July 2016.

c) Board Membership Criteria

Our Board comprises of eminent professionals of integrity with relevant skills and experience. Their contribution is facilitated by:

- high quality Board documentation;
- expert opinions, wherever deemed necessary; and
- healthy debate especially on complex, contentious and critical issues.

The Board members are committed to ensure that Nucleus follows the highest standards of Corporate Governance.

Nomination and Remuneration/ Compensation Committee (NRC) of the Board assist in fulfilling the responsibilities relating to the size and composition of the Board.

Certificate from Company Secretary in practice

A certificate from M/s Sanjay Grover and Associates, Company Secretary in practice has been taken as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Company by SEBI /Ministry of Corporate Affairs or any such statutory authority . The certificate is enclosed as **Annexure A.**

d) Selection of Independent Directors

Nomination and Remuneration/Compensation Committee while evaluating the potential candidates, considers a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and match these with the requirements set out by the Board. Broadly, the following criteria have been set for selection of Independent Directors based on:

- Independence from Management
- No substantial shareholding
- Other significant relationship which may cause a conflict of interest
- Capability of taking fair decisions without being influenced
- Independent Directors are expected to balance the

decision-making process of the Board by constructively challenging the Company's strategy and exercise due diligence

- Independent Directors should possess the requisite business and industry expertise in the domain the Company operates in
- Independent Directors should be competent enough to work effectively like a team member as well as leader with the other Directors of the Board and committees
- Independent Directors should contribute constructively in the Board's deliberations.

The aim is to secure a Boardroom which achieves the right balance between challenge and teamwork, and fresh input and thinking.

The Companies Act, 2013 and the Listing Regulations define an "Independent Director "as a person who is not a promotor or employee or one of the key managerial personnel of the Company or its subsidiaries. They also state that the person should not have a material pecuniary relationship or transactions with the Company or its subsidiaries, during the two immediate preceding financial years or during the current financial year, apart from receiving remuneration as Independent Director.

We abide by these definitions of an Independent Director.

The Committee has also framed a Policy for "Selection of Directors". The Board considers the Committee's recommendations and takes appropriate actions.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015. Based on the declaration received from Independent Directors the Board of Directors of the Company have confirmed that the independent Directors fulfill the conditions specified in the regulations and are independent of the management.

e) Familiarization programmes for Board members

The Company has constituted familiarization programmes for its Directors (Independent and Non-Independent), with an objective to:

a) Provide them with every opportunity to familiarize themselves with the Company, Nucleus's Board practices and processes, its management and its operations and above all the Industry perspective & issues;

b) To familiarize them with regards to their rights, duties and functions;

c) To ensure that all Directors are cognizant and appreciate the legal and ethical framework in which they must conduct themselves;

d) To ensure that all Directors attain a level of understanding of the business and industry in which Nucleus functions;

e) To energize on the level and degree of each Director's contribution to the Board;

f) To ensure that all Directors make informed decisions in their deliberation of matters concerning the Company; and

g) To foster a spirit of independence in all Directors in order to ensure that they contribute meaningfully and impartially.

The familiarization programmes comprise of a combination of written information, presentations and activities, including meetings, site visits, etc. to enable them to familiarize with the Company management, operations and practices.

The members of senior management are invited to present updates on their respective business units at the each quarterly board meeting. Key aspects that are covered in these sessions include:

1. Business unit progress report
2. Industry /market and technology trends
3. Competition
4. Future strategy

Additional meetings are planned with Board members for seeking their expertise on challenges being faced in ongoing strategic initiatives or for launch of any new project.

The requirement for these programmes increases manifolds for a newly appointed Director. The newly appointed Director is given a formal induction and orientation with respect to the Company's Vision, Mission, objectives, Organization structure and key values including Code of Ethics, Corporate Governance, Major Risks and Risk Management Strategy.

The details on programmes can be accessed on the Company website link: http://www.nucleussoftware.com/investors.

f) Diversity in Board

Diversity, in all its aspects, serves an important purpose for Board effectiveness. It can widen perspectives while making decisions, avoid similarity of attitude and help companies better understand and connect with its stakeholders. Such diversity may be with regard to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality and age. The Nucleus Board represents diversity in terms of all these parameters.

g) Separation of the Office of Chairman and the Chief Executive Officer (CEO)

At Nucleus, the role and office of the Chairman and Chief Executive Officer (CEO) have always been separate. This promotes the right balance and prevents unfettered decision making power with a single individual. For greater efficiency, there is also a clear demarcation of the role and responsibilities of the Chairman and the CEO.

The primary role of the Chairman of the Company is to provide leadership to the Board. The Chairman of the Board presides over its meetings and leads and assists the Board in setting and realizing the Company's vision and related short and long term goals.

CEO is the principal executive of the Company and is accountable for the management and operations of the Company and implementation of business policies and strategies agreed to by the Board of Directors in a manner that is consistent with best business practices. CEO leads internally by adding value in strategy and structure, and ensuring that the Company is represented with integrity to institutions, investors, analysts and other stakeholders.

Roles and Responsibilities of the Nucleus Board Chairman are to:

- Ensure that the Board establishes and regularly reviews the Company's policies, strategies and plans.
- Provide consistent strategic input and scrutiny.
- Chair the meetings of the Board and of the General Meetings.
- Ensure sufficient Board and Committee time for discussion of complex or contentious issues, with additional informal meetings for prior discussion, if necessary.
- Plan the composition of the Board and Board committees, Induct new directors as required and plan for Board members' succession.

Role and Responsibilities of the Nucleus CEO are to:

- Prepare strategy, plans, mission and vision of the Company and strive for its implementation.
- Responsible for running the Company's business operations and financial performance.
- Provide clear leadership.
- Develop the right organization structure.
- Responsible for succession planning for key executives and its implementation.
- Communication with investors and other stakeholders.

h) Membership Term

The Companies Act, 2013, mandates the retirement of two-third of the Board members (who are liable to retire by rotation) every year and the retiring members eligible for re-appointment. Independent Directors shall hold office for a term of upto five consecutive years on the Board of a Company and be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Ms. Ritika Dusad Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Mr. R. P. Singh was appointed as an Executive Director w.e.f. July 26, 2014 for a period of 5 years. His present term will expire on July 25, 2019. The Board members at their meeting held on April 23, 2019, on the recommendation of Nomination and Remuneration/Compensation committee have approved the re-appointment of Mr. R P Singh as Executive Director for another term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

All Independent Directors have been appointed for a term of five years and shall be eligible for re-appointment on passing of a special resolution by shareholders of the Company.

i) Key Board qualifications, expertise and attributes

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company, all of which are currently available with the members of the Board:

Financial	Experience in financial management, capital allocation and financial reporting processes
Global Business	Understanding of diverse business environments, business dynamics across various geographical markets, industry verticals and a perspective on global market opportunities.
Strategy and Planning	Strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Technology	Knowledge of new technological trends, disruptive innovations and guidance on new business models
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Sales and marketing	Experience in developing strategies to grow sales and market share, enter into new geographies and enhance enterprise reputation.

J) Mechanism for Evaluating Board members

Pursuant to the provisions of the Companies Act, 2013 and Regulations 25 of the SEBI (LODR) Regulations, there is a formal Policy for Board Performance Evaluation which suggests process for evaluation of the performance of both the Board and individual Directors and the Committees. The purpose of the Policy is:

- To ensure the overall performance evaluation process of Directors
- Maximize strengths and identify and address the weaknesses.
- Maintain an energized, proactive and effective Board.

The Board, along with the Nomination and Remuneration/ Compensation Committee, laid down the criteria for evaluation of the performance of all Directors, which then became a part of the Board Effectiveness Survey. The Securities and Exchange Board of India ("SEBI") released a guidance note on January 5, 2017 on the evaluation of the Board of Directors of a Listed Company ("Guidance Note"). This note is based on an analysis of the global practices in various jurisdictions like regulatory requirements, best practices, internal versus external evaluation, disclosure requirements etc.

The Nomination and Remuneration/Compensation committee in view of the Guidance Note, revised the criteria for evaluation of the performance of the Chairman, the Board, Board committees and executive/ non-executive/Independent Directors. The Chairman of the Committee circulated the evaluation forms to all he Directors, including Executive Directors. These filled-in forms had been received back by the Chairman and the responses were tabulated and analysed.

The questionnaires of the Survey were designed on a scale of 1 to 5, and in a comprehensive manner to be able to effectively capture the performance of each of the Directors, of the Board as a whole and several Committees of the Board. Each Board member was requested to evaluate the other Directors on a large number of parameters, including the effectiveness of the Board dynamics and skills to encourage discussions and decisions and flow of information to address issues relating to the Company's performance and future strategies, as also improving relationships with all stakeholders of the Company. Specifically for Independent Directors, the key performance indicators based on which they were evaluated, besides their attendance in the Board/Committee meetings, included monitoring of the Company's Corporate Governance practices, improving policies and processes across all functions, and contribution to strategic planning. Further, the evaluation process was based on the affirmations received from Independent Directors that they meet the independence criteria as required under the Companies Act 2013 and listing regulations. The evaluation of the Board and the Directors for fiscal 2019 has been completed.

k) Compensation of the Board of Directors

The Nomination and Remuneration/Compensation Committee determines and recommends to the Board the compensation payable to the Directors.

Non-Executive, Independent Directors are paid an amount not exceeding one percent of the net profits of the Company for the year, in accordance with Section 197 of the Companies Act, 2013, and as approved by the shareholders vide a special resolution for a period of five years , at the Annual General Meeting held on July 8, 2014. As per the Companies Act, 2013, Independent Directors are not eligible to receive options under the various Employee Stock Option Plans (ESOP) launched by the Company from time to time. The annual compensation of the Executive Directors is approved by the Committee and placed before the shareholders at the shareholders' meeting.

All Board level compensation is disclosed separately in the financial statements.

Compensation Paid /Payable to the Directors for the period April 2018 to March 2019

(Amount in ₹)

Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. S. M. Acharya	Chairman, Non-Executive, Independent Director	–	–	–	1,416,667	7,20,000	**2,136,667**
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	6,205,606	360,000	28,800	–	–	**6,594,406**
Mr. Prithvi Haldea	Non-Executive, Independent Director	–	–	–	1,416,667	880,000	**2,296,667**
Mrs. Elaine Mathias	Non-Executive, Independent Director	–	–	–	1,416,667	800,000	**2,216,667**
Prof. Trilochan Sastry	Non-Executive, Independent Director	–	–	–	1,416,667	720,000	**2,136,667**
Mr. R. P. Singh	Executive and Whole Time Director, CEO	25,834,591	1,077,517	39,600	–	–	**26,951,708**
Mr. N. Subramaniam	Non-Executive, Independent Director	–	–	–	1,416,666	560,000	**1,976,666**
Ms. Ritika Dusad	Non-Executive, Director	–	–	–	1,416,666	80,000	**1,496,666**
Total		**32,040,197**	**1,437,517**	**68,400**	**8,500,000**	**3,760,000**	**45,806,114**

Table 2

We confirm that none of the Non-Executive Directors received remuneration amounting to 50% of the total remuneration paid to Non-Executive Directors during the year ended March 31, 2019.

The service contract of the Executive Directors is as below:

1. Mr. Vishnu R Dusad, Managing Director - for a period of 5 years that will expire on December 31, 2021 and
2. Mr. R. P. Singh, Whole Time Director - for a period of 5 years that will expire on July 25, 2019.

Remuneration of the Executive Directors included above, does not include provision for incremental liability on account of gratuity, compensated absences since actuarial valuation is done for the Company as a whole.

None of the above Directors are eligible for any severance package and do not hold any stock options of the Company as on March 31, 2019. The notice period for a Director is as mutually agreed between the Executive Director and the Board.

Formal letters of appointment were issued to all Independent and Non-Executive Directors and terms and conditions of the same are disclosed on the website of the Company.

Details of Equity Shares held by Non- Executive Directors as on March 31, 2019

Name of Director	Position	No. of Equity Shares
Mr. S M Acharya	Chairman, Non-Executive and Independent Director	–
Ms. Ritika Dusad	Non-Executive Director	1,000,000
Mr. Prithvi Haldea	Non-Executive, Independent Director	–
Mrs. Elaine Mathias	Non-Executive, Independent Director	–
Prof. Trilochan Sastry	Non-Executive, Independent Director	–
Mr. N. Subramaniam*	Non-Executive, Independent Director	–

**Mr. N. Subramaniam, whose current term expired on March 31, 2019, has conveyed his desire not to seek re-appointment as Independent Director of the Company for the second term. Accordingly Mr. N. Subramaniam ceased to be Director of the Company w.e.f. April 1 , 2019.*

Table 3

l) Memberships of other Boards

An Executive Director may, with the prior consent of the Chairman of the Board, serve on the Board of two other business entities, provided that such business entities are not in direct competition with Company operations. A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies. A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company. A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds Directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

The number of other Directorships and Chairmanship/ Memberships of Committees held by each of the Director as on March 31, 2019 is mentioned in the table below:

Name of Director	Position	Relationship with other Directors	Directorships Held of Other Companies			Committee Positions held as a	
			Public	Private	Section 8 Company	Chairperson	Member
Mr. S M Acharya	Chairman, Independent Director	None	-	-	-	-	1
Mr. Vishnu R Dusad	Managing Director (MD), Promoter Executive Director	None	3	8	1	1	1
Mr. R. P. Singh	Whole-Time Director & CEO	None	2	2	-	-	-
Ms. Ritika Dusad	Non-Executive Director	Daughter of Managing Director	-	1	-	-	-
Mr. Prithvi Haldea	Independent & Non Executive Director	None	3	3	3	1	3
Mrs. Elaine Mathias	Independent & Non Executive Director	None	-	-	-	-	1
Prof. Trilochan Sastry	Independent & Non Executive Director	None	1	1	-	-	3
Mr. N. Subramaniam	Independent & Non Executive Director	None	3	5	-	1	2

Table 4

In accordance with Regulation 26 of SEBI (LODR) Regulations, 2015 of the Listing Agreement:

i) *Membership/Chairmanships of only the Audit Committee and Stakeholder Relationship Committee of all Public Limited Companies including Nucleus Software Exports Ltd. is considered.*

ii) *None of our Directors are members of more than ten Board level committees, or Chairman of more than five committees in Companies in which they are Directors. All the Directors are, as such, fully compliant with the requirement*.

Furthermore, all our Directors besides informing the Company annually about their Committee positions in other companies, also notify changes as and when these take place.

m) Board Meetings

(i) Information supplied to the Board

The Board has complete access to all information available with the Company. Information is provided to the Board members on a continous basis for their review, inputs and approval. All information stipulated under Regulation 17 of SEBI (LODR) Regulations, 2015 is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings. There is a structured manner in which the agenda items are prepared and distributed for the Board meetings. During the Board meetings, the senior management is invited to present the plans and achievements relating to their respective areas of responsibility.

(ii) The information placed before the Board includes:

o Annual operating plans and budgets, with updates, if any.

o Capital budgets and updates, if any.

o Quarterly results of the Company and its operating divisions or business segments.

o Minutes of meetings of Audit Committee and other Committees of the Board.

o Information on recruitment, remuneration and removal of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.

o Materially important show cause, demand, prosecution notices and penalty notices, if any.

o Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.

o Any material default in financial obligations to and by the Company or substantial non-payment for products sold by the Company.

o Any issue that involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken on adverse view regarding another enterprise that can have negative implications on the Company.

o Details of any joint venture or collaboration agreement.

o Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

o Any significant development concerning human resources/ industrial relations.

o Sale of material nature, of investments and assets, which are not in the normal course of business.

o Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

o Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

o Quarterly details of investments by the Company in liquid mutual funds, bank deposits and bonds, and returns thereon.

o Quarterly update on HR related activities.

o Quarterly update on wholly-owned subsidiaries.

o Quarterly update on large orders.

o Report on order book position

o Report on compliances under "Code of Prevention of Insider Trading" of the Company.

(iii) Board Agenda

The Company Secretary, in consultation with the Chairman of the Company and Chairman of the respective Board Committees, prepares the agenda and supporting papers for discussion at each Board and Committee Meeting. The agenda and notes are circulated to Board/Committee members in advance, and in the defined agenda format. Members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman.

(iv) Board Materials Distributed in Advance

Information and data that is important to the Board's understanding of matters on the agenda is distributed to the Board several days prior to the Board meetings in order to allow the members adequate time for a detailed review.

(v) Minutes of Board meetings of the Company's unlisted subsidiary companies

Minutes of the Board meetings of the Company's unlisted subsidiary companies are also placed before the Board for information.

(vi) Scheduling of Board Meetings and Attendance during FY 2018-19.

- A minimum of four Board Meetings are required to be held each year. Moreover, the gap between two Board Meetings should not exceed 120 days. During FY 2018-19, 8 Board meetings were held by your Company and the maximum gap between two Board meetings during the year was 100 days.
- The dates on which the Board meetings were held during FY 2018-19, and the attendance record of the members in these meetings is provided in a table.

	Board Meeting Dates							
Name of Directors	03 May 2018	02 July 2018	17 July 2018	26 October 2018	13 December 2018	28 January 2019	01 March 2019	14 March 2019
Mr. S M Acharya	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Ritika Dusad	x	x	x	✓	✓	x	x	x
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	✓	✓	✓	✓	✓	x	✓
Mr. R. P. Singh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. N. Subramaniam*	✓	✓	✓	✓	x	✓	x	✓

Table 5

** Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.*

- 4 statutory Board meetings are scheduled in advance for the entire year to be held after the end of each financial quarter. Additional Board meetings are convened by giving appropriate notice. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board meeting.
- Committees of the Board meet whenever required.
- The Board meetings are usually held at the Company's corporate office at A 39, Sector 62, Noida 201307.
- Information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations 2015, has been placed before the Board for its consideration
- Video conferencing/other audio visual means as prescribed by the Companies Act 2013, and Rules made thereunder, are used to facilitate Directors travelling abroad, or present at other locations to participate in the meetings.

(vii) Recording Minutes of Proceedings at Board/ Committee Meeting

- The Company Secretary, who is present in each Board/Committee meeting, records the minutes of the proceedings. At the Board meetings, Directors can provide their inputs and suggestions on various strategic and operational matters.

  The draft minutes are circulated to all Board members within 48 hours of the meeting for their comments.
- The final minutes are entered in the Minutes Book and signed by the Chairman within 30 days from the conclusion of each meeting.

  In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes also contain:

  (a) the names of the Directors present at the meeting; and

  (b) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring with the resolution.

Further all other requirements as per the Companies Act, 2013 and Rules made thereunder are duly observed regarding Board/Committee meeting Minutes.

(viii) Compliance

The Company Secretary, while preparing the Agenda, Notes on agenda, Minutes etc. is responsible for and is required to ensure adherence to all applicable laws and regulations.

(ix) Action Taken Report

All items discussed in the Board meetings which require an action are recorded separately and are circulated to the relevant persons for requisite action. The action taken by them is then reported through an "Action Taken Report", which is placed at each Board meeting.

N) Discussion with Independent Directors

Pursuant to Schedule IV of the Companies Act 2013 and the Rules made thereunder, the Independent Directors of the Company held a meeting during the year, in absence of the non-Independent Directors and members of management. The Independent Directors were present at this meeting and participated in the discussions.

In this meeting of Independent Directors, performance of non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The members also discussed quality, quantity and timeliness of flow of information between the company management and the Board in great detail, and expressed their satisfaction that the Board as a whole and each member individually receives all pertinent/sought for information from the Company in an adequate manner and in time. The members also discussed adequacy of Internal Controls in the meeting.

Committees of the Board of Directors

Committees are a means of improving Board effectiveness in areas where more focused, specialized and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees consisting of Executive and Non-Executive / Independent Directors, which then report to the Board. The Board's Committees include Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration / Compensation Committee, and Corporate Social Responsibility Committee.

All Committees have formally established terms of reference/ charter, subject to revision/amendment as and when required.

The Chairman of each Committee fulfills an important leadership role similar to that of the Chairman of the Board, particularly in creating an environment for effective contribution of each Committee member. While each Committee follows its charter, it also takes up for discussions, matters referred to it by the Board. The Company Secretary, in consultation with the Board Chairman and Committee Chairman, prepares the agenda for each meeting. The minutes of each Committee's meeting are submitted to the Board for information and appropriate action.

Nucleus Board Committees

The Board as on March 31, 2019 had four committees . The Composition of the Board Committees is as follows:

	Audit Committee	Nomination & Remuneration / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee
Mr. S M Acharya	√			√
Mr. Vishnu R Dusad			√	√
Mr. Prithvi Haldea	√	√	√	√
Mrs. Elaine Mathias	√	√		
Prof. Trilochan Sastry	√	√	√	√
Mr. N. Subramaniam*	√			

** Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.*

a) Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (LODR) Regulations 2015, read with section 177 of the Companies Act 2013. A key element in the Corporate Governance process of any organization is its Audit Committee. Effective Audit Committees can greatly assist the Boards in discharge of their duties in respect of integrity of the Company's financial reporting. Indeed, it is essential that Boards, Management, Auditors, Internal Auditors and Audit Committees all work with a common purpose to ensure that the Company obtains the benefits of the Audit Committee in terms of better financial reporting and greater effectiveness of internal controls.

The Audit Committee at Nucleus was formed in August 2001. To efficiently carry out its functions, the Audit Committee has the following roles and responsibilities as per its charter:

Report on Corporate Governance

Audit committee shall along with such matter as may be referred by Board, be responsible for the following:

With reference to the financial statements

- Examination of the financial statements and the auditors' report thereon,
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:-
  - ✓ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - ✓ Changes, if any, in accounting policies and practices and reasons for the same
  - ✓ Major accounting entries involving estimates based on the exercise of judgment by management
  - ✓ Significant adjustments made in the financial statements arising out of audit findings
  - ✓ Compliance with listing and other legal requirements relating to financial statements
  - ✓ Disclosure of any related party transactions
  - ✓ modified opinion in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Review the financial statements, in particular, the investments made by the unlisted subsidiary company.

With reference to Auditors

- The recommendation for appointment, remuneration and terms of appointment of all Auditors of the Company including filling of casual vacancy,
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of the Audit process,
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

With reference to related party transactions

- Approval or any subsequent modification of transactions of the company with Related Parties,

  The term "related party transactions" shall have the same meaning as provided in SEBI (LODR) Regulations, 2015 and also the provisions of Companies Act, 2013 read with relevant rules thereto.

Other references

- Scrutiny of Inter-Corporate Loans and Investments,
- Valuation of undertakings or assets of the company, wherever it is necessary,
- Evaluation of Internal Financial Controls and Risk Management Systems
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of

the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

Following information is required to be mandatory reviewed by Audit Committee

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- statement of deviations:
  (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of SEBI Regulations
  (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of SEBI Regulations.

Additional responsibility of the Chairman of the Audit committee

- Direct access to the Chairperson of the Audit Committee under the vigil mechanism process.
- The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.

Powers of the Audit committee

- Audit committee has been provided with following powers:
  - o To investigate any activity within its terms of reference.
  - o To seek information from any employee.
  - o To obtain outside legal or other professional advice.
  - o To secure attendance of outsiders with relevant expertise, if it considers necessary.

(iii) Composition of the Audit Committee and Meetings Held during FY 2018-19

Mr. N. Subramaniam was Chairman of the Audit Committee. The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met 9 times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory 120 days. (The maximum gap between two meetings was 100 days).

The Composition of the Audit Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. N. Subramaniam*	Committee Chairman, Non-Executive, Independent Director	9	7
Mr. S.M Acharya	Non-Executive, Independent Director	9	9
Mr. Prithvi Haldea	Non-Executive, Independent Director	9	9
Mrs. Elaine Mathias	Non-Executive, Independent Director	9	9
Prof. Trilochan Sastry	Non-Executive, Independent Director	9	7

Table 6

** Mr. N. Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N. Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019*

The Chairman of the Audit Committee was present at the previous year Annual General Meeting held on July 02, 2018 to answer shareholders' queries.

In addition to the members of the Audit Committee, the Chief Financial Officer, Internal Auditor, Statutory Auditors and other executives attend the meetings of the Committee upon invitation. Necessary information such as Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions submitted by the management, management letters, internal audit reports relating to internal control weaknesses as per the requirement of law, are reviewed by the Committee.

(iv) Separate Meetings of the Audit Committee Members with the Auditors

In line with the best Corporate Governance practices, meetings of the Audit Committee, independent of the Management, are scheduled every quarter, prior to the Audit Committee's meeting to review the quarterly results. The main objective of such meetings is to allow the Statutory Auditor and the Internal Auditor to express any areas of concern with respect to any matter at the same time also raise issues of any disagreement with the Management.

b) Nomination and Remuneration / Compensation Committee

The Nomination and Remuneration/Compensation committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (LODR) Regulations 2015, read with Section 178 of the Companies Act 2013.

(I) Terms of Reference/Charter of the Nomination and Remuneration/Compensation Committee

Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of Senior Management of the Company. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

This Committee is responsible for:

- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- Conducting search and recommending new Board members in light of resignation of some current member/s or in case of a planned expansion of the Board
- Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment
- Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that:
  a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons
  b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
  d) recommend to the board, all remuneration, in whatever form, payable to senior management and Key Managerial Personnel
- Formulating criteria for evaluation of Independent Directors and the Board and carrying out evaluation of each Director's performance
- Ensuring that there is an appropriate induction programme in place for new Directors and members of senior management and reviewing its effectiveness
- Developing a succession plan for the Board and regularly reviewing the plan
- Reviewing succession plans for the senior management
- Reviewing and Formulate Employee Stock Option Plan (ESOP)
  - ✓ Determine terms and conditions of ESOP plan , eligibility criteria, grant of options, vesting and exercise of options and such other adjustments in case of Corporate actions
  - ✓ Review the design of and approve the Company's other benefit plans (including retirement, medical and other employee benefit and perquisite plans)
  - ✓ Perform such functions as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') and its amendments, if any
- Carrying out any other function as is mandated by the Board from time to time and / or is enforced by any statutory notification, amendment or modification, as may be applicable.

(ii) Composition of the Nomination and Remuneration/ Compensation Committee and Meetings Held during FY 2018-19

Mr. Prithvi Haldea is the Chairman of the Nomination and Remuneration Committee. As of March 31, 2019, the Committee consisted of three members, all the members are Independent Directors. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

The Composition of the Nomination and Remuneration/Compensation Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Prithvi Haldea	Committee Chairman, Non Executive, Independent Director	2	2
Mrs. Elaine Mathias	Non Executive, Independent Director	2	2
Prof. Trilochan Sastry	Non Executive, Independent Director	2	1

Table 7

The Chairman of the Nomination and Remuneration/ Compensation Committee attended the previous year Annual General Meeting held on July 02, 2018.

(iv) Remuneration Policy

Remuneration policy for the members of the Board of Directors of the Company takes into consideration their role and responsibilities. The salient features of the policy are highlighted below:

- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission to its Managing Director (an Executive Director).
- The Nomination and Remuneration/ Compensation Committee decides the commission payable to the Managing Director and the Non-Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 2013 and as approved by the shareholders at a General Meeting.
- Non-Executive Directors of the Company are paid sitting fees for attending meetings of the Board and meetings of Committees of the Board, as per the Companies Act, 2013 and as prescribed in the Articles of Association of the Company.
- The Company reimburses expenditure reasonably incurred by the Directors in the performance of their duties as per the provisions of the applicable laws Companies Act 2013 and in conjunction with the rules and policies of the Company.
- The Nomination and Remuneration/ Compensation Committee reviews and finalizes the remuneration of the Key Executives/KMP on an annual basis, or earlier if deemed necessary.

c) Stakeholder Relationship Committee

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI (LODR) Regulations read with Section 178 of the Act. The Stakeholder Relationship Committee has been constituted to assist the Board in safeguarding the interests of and redressing the grievances of the security holders of the Company.

(i) Terms of Reference/Charter of Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board is constituted with powers and responsibilities including, but not limited to. :

- To approve/ reject registration of transfer/ transmission/transposition of shares.
- To authorize issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation / Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit or worn out
- To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels.
- To monitor and review the mechanism for redressal of shareholders' / investors' grievances
- To authorise Managers/Officers/Signatories for signing Share Certificates;
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company
- Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Committee meets as often as required to discharge its functions. The status on complaints and share transfers is reported to the Board.

(ii) Composition of the Stakeholder Relationship Committee and Meetings Held during FY 2018-19

Mr. Prithvi Haldea is the Chairman of the Stakeholder Relationship Committee. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee and also the Compliance officer of the Company. The Board has also appointed the Company Secretary as the Nodal Officer to ensure compliance with the IEPF Rules.

The Composition of the Stakeholder Relationship Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Prithvi Haldea	Committee Chairman, Non Executive, Independent Director	2	2
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	2	2
Prof. Trilochan Sastry	Non Executive, Independent Director	2	2

Table 8

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 02, 2018.

Report on Corporate Governance

(ii) Details of investor complaints/requests received and resolved during FY 2018-19 are as follows:

Sl No.	Nature Of Complaints/ Requests	Received	Resolved	Pending at the Year End
1	Non Receipt of Annual Report	3	3	0
2	Non Receipt of Dividend Warrant	22	22	0
3	Duplicate/ Revalidation of Dividend Warrant	6	6	0
4	Non Receipt of Securities	1	1	0
5	Issue of Duplicate Share Certificate	4	4	0
6	Non Receipt of Securities After Transfer	0	0	0
7	SEBI/Stock exchanges/Legal	0	0	0
Total		**36**	**36**	**0**

Table 9

d) Corporate Social Responsibility (CSR) Committee

As per the Companies Act, 2013, all companies having net worth of Rs.500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of Rs.5 crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board. In accordance with the law, the Board of Directors constituted the CSR committee in their meeting held in FY 2013-14.

(i) Terms of Reference/Charter of the CSR Committee

The purpose of the Committee is to assist the Board in setting Company Corporate Social Responsibility policies and programs and assessing Company Corporate Social Responsibility performance.

The responsibilities of the Corporate Social Responsibility Committee are:

1. To formulate and recommend to the Board, a CSR policy for undertaking permissible CSR activities.
2. To identify and bring to the attention of the Board key Social Responsibility issues that may affect the business operations, brand image or reputation of the Company.
3. To recommend the amount of expenditure to be incurred on CSR activities.
4. To re-evaluate Social Responsibility, from time to time, in light of changes in public perception, industry best practices, and evolving priorities and needs in the communities where the Company does business
5. To provide oversight of Social Responsibility
6. To monitor and review the operation and effectiveness of Company's Corporate Social Responsibility policies and programs
7. To update Board at each regularly scheduled meeting and make relevant recommendations in relation to matters arising for consideration by the Committee
8. To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently
9. To make any amendments or modifications in CSR Policy as required by law or otherwise
10. Perform such functions as the Board may from time to time assign to it

The CSR Policy of the Company, as approved by the Board, is available on our website www.nucleussoftware.com.

(ii) Composition of the Corporate Social Responsibility Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Prof. Trilochan Sastry is the Chairman of the Committee. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company acts as the Secretary to the Committee.

The Composition of the Corporate Social Responsibility Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings Held	No. of Meetings Attended
Prof. Trilochan Sastry	Committee Chairman, Non Executive, Independent Director	1	1
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	1	1
Mr. S M Acharya	Non Executive, Independent Director	1	1
Mr. Prithvi Halde	Non Executive, Independent Director	1	1

C. Shareholder Information

a) Means of Communication

(i) Quarterly/Annual Results

- The Company releases Quarterly Report for each quarter (except fourth quarter) in the form of soft copy and is uploaded on the Company's website www.nucleussoftware.com. This ensures prompt information to the shareholders and also contributes in saving paper thus saving trees and making the planet greener.

  These reports contain audited financials of the parent Company along with the Auditors Report thereon; Unaudited consolidated financials of the

Company and subsidiaries and a detailed analysis of results under "Management's Discussion and Analysis".

- The Company communicates quarterly/annual financial results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).
- The Company sends an instant email alert of the quarterly/annual financial results, to all persons who get themselves registered on the Company's website.
- Earnings conference calls are conducted after announcement of quarterly/annual financial results wherein the Management updates the investor community on the progress made by the Company and also answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com, for public information.
- The Company publishes official news releases and they are also uploaded on the website www.nucleussoftware.com.

  The Company uses a wide array of communication tools including face-to-face, online and offline channels to ensure that information reaches all the stakeholders in their preferred medium.

(ii) Newspapers for publication of financial results

The Company's financial results are published in Business Standard, the leading national financial daily and in the Hindi edition of Business Standard for regional circulation.

(iii) Investor Section at Company's website

The investor section at our website www.nucleussoftware.com provides comprehensive information about the Company. Our goal is to enable shareholders and potential investors (as also media and researchers) to easily find or navigate pertinent information about us, including:

- Company Overview, Financials, Board of Directors, Stock Exchange filings, Shares, Corporate Governance, Corporate Social Responsibility, Awards, Investor contact, Investor related Frequently Asked Questions (FAQ) and various forms for shareholder assistance.
- The important events such as AGM, Buyback, Merger etc. and official press releases of the Company are also updated on the Company's website regularly.
- Interested persons, who register on the Company's website, receive alerts and updates on financial events, financial results, press releases and annual and quarterly reports.

(iv) Interaction with Institutional investors, analysts etc.

- The Investor Relations team of the Company conducts regular meetings and conference calls of the Company Management with the institutional investors, analysts etc.
- Quarterly/Annual financial results and press releases are sent to all institutional investors, analysts who are registered in the Company database, to keep them abreast of all significant developments.
- The investor presentations made to institutional investors or analysts are displayed on the Company's website.

(v) Annual Report

The Company's Annual Report containing, inter alia, Letter from the Chairman, Letter from the CEO, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Report on Corporate Governance , Risk Management, Financial Highlights, Management Discussion and Analysis and other important information is circulated to all the members. The Annual Report of the Company is also available on the Company's website; both in a downloadable pdf format and an HTML online format, for ease of use.

(vi) Dedicated Email id for shareholders

investorrelations@nucleussoftware.com is the email id exclusively devoted for shareholders' queries.

(vii) Investor Relations - Our communication with the Investor Community

The Company values transparent relationship with the shareholders, prospective investors and the wider investment community. The Investor Relations (IR) team at Nucleus manages these relationships with high standards of clarity and transparency. It proactively interacts with the investors through meetings, investor conference calls, investor meets, conferences and mails. Dedicated Investors' page on corporate website of the Company provides an efficient medium of information to the investors. The IR team can be reached at ir@nucleussoftware.com.

(viii) NSE Electronic Application Processing System (NEAPS)

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, Corporate Governance report, media releases, among others are filed electronically by the Company on NEAPS.

(ix) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, Corporate

Report on Corporate Governance

Governance report, media releases, among others are also filed electronically by the Company on the Listing Centre.

(x) SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redressal system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

b) Corporate Identity Number (CIN)

Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L74899DL1989PLC034594 and the Company Registration Number is 55-034594. The Company is registered in the State of New Delhi.

c) Shareholder Education

Shareholders of the Company are provided with timely information on all Company related matters including recruitment/appointment of Directors and other important events through Press Releases.

In the Annual Report, a chapter named "Shareholders' Referencer" and in the Quarterly Report a chapter named "Additional information to Shareholders" is included, with most of the relevant information about the Company, its history, promoters, employees, share transfers, dematerialisation etc. All such material information is also available on the Company's website under "FAQs".

It is our constant endeavor to provide efficient and prompt services to the shareholders. Shareholder satisfaction survey is conducted through a shareholder feedback form uploaded on the Investors section of the Company's website, for online filing. Responses received through this survey help us:

o to assess the level of satisfaction among Nucleus shareholders and

o identify areas of strengths and weakness of Nucleus as perceived by the shareholders.

d) General Body Meetings

(i) Particulars of Annual General Meetings (AGM) held during the previous three years is as follows

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution
FY 17-18, July 2 2018, 11.30 a.m.	PHD Chamber of Commerce & industry, PHD House	Adoption of Annual Accounts for the year ended March 31, 2018. Declaration of Dividend on equity shares. Re-appointment of Mr. R.P, Singh as Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors.	
FY 16-17, July 8 2017, 11.30 a.m.	Sri Sathya Sai International Centre	Adoption of Annual Accounts for the year ended March 31, 2017. Declaration of Dividend on equity shares. Re-appointment of Mr. Vishnu R Dusad, as Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors.	

Report on Corporate Governance

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution
FY 15-16, July 8 2016, 11.30 a.m.	Sri Sathya Sai International Centre	Adoption of Annual Accounts for the year ended March 31, 2016. Confirmation of payment of Interim Dividend Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors in place of retiring auditor. Re-appointment of Mr. R. P. Singh as Whole Time Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of Mr. S. M. Acharya as an Independent Director	Re-appointment of Mr. Vishnu R Dusad as Managing Director and designate him as Chief Executive Officer and Managing director of the Company.

Table 13

(ii) Detail of Attendance at the AGM held for FY 2017-18

AGM Date: July 2, 2018	Mr. Vishnu R Dusad	Mr. R.P Singh	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Mr. N. Subramaniam	Ms. Elaine Mathias	Mr. S M Acharya	Ms. Ritika Dusad
	√	√	√	√	√	√	√	x

No Extraordinary general meeting was held by the Company during the financial year ended March 31, 2019.

e) Postal Ballot

During the year, the company did not carry out any postal ballot

Remote e-voting and voting at the Annual General Meeting (AGM)

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for remote e- voting facility. The Company has engaged Karvy Fintech Pvt. Ltd. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 1, 2019 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM and the members who have not already cast their vote by remote e-voting can exercise their votes at the AGM.

d. Disclosures

(a) Disclosure on materially significant related party transactions:

The Company has not entered into any material transaction with any of its related parties. . Detailed information on related party transactions is enclosed in Annexure A to the Directors' Report.

(b) Compliances by the Company of Capital Market Guidelines

The Company has complied with all requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital market during the past, including the preceding three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.

(c) Whistle Blower Policy

Nucleus is committed to conduct its business in accordance with the applicable laws, rules and regulations, and with highest standards of business ethics. Nucleus does not tolerate any malpractice, impropriety, abuse or wrongdoing. The Company has a well-established whistle blower policy as part of a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of Director(s) / employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

In accordance with the Companies Act 2013 and Rules made there under and SEBI (LODR) Regulations, 2015, the Board adopted a revised Whistle Blower Policy. The Whistle Blower Policy was amended and adopted by the Board, in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018, enabling employees to report any violations under the Insider Trading Regulations and leak of Unpublished Price Sensitive Information.

No complaint was received under the Policy, during the year. We affirm that :

- Provision is made for adequate safeguards to employees against their victimization on reporting to the Ombudsperson and
- no personnel was denied access to the Audit Committee.

(d) Policy against Sexual Harassment

Nucleus values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Nucleus prohibits any employee of the Company from making any unwelcome and unsolicited sexually determined behaviour (whether directly or by implication). Such kind of harassment can have potential legal and moral pitfalls not only for the individuals involved but also for the Organization as a whole. We at Nucleus believe that it is the responsibility of the organization to protect the integrity & dignity of its employees and also to avoid conflicts & disruptions in the work environment due to such cases.

The Company has put in place a 'Policy against Sexual Harassment', complaint with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/her complaint to the Committee by various modes i.e. in person, through email, in writing or by calling on mobile no. as mentioned. The Committee would then make enquiries and submit its recommendation to the HR Head. He would further take a decision on the same and report to the Board. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year. The details of the complaints received, disposed and pending during the financial year is as below:

a. number of complaints filed during the financial year - nil

b. number of complaints disposed of during the financial year-nil

c. number of complaints pending as on end of the financial year.-nil

(e) Code of Conduct

The Company has in place a Code of Conduct which helps to maintain high standards of ethics for the Company's employees. In terms of Code of Conduct, the Directors and Senior Management must act within the boundaries of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders and stakeholders. The Company obtains the affirmation compliance of the Code of Conduct from its Directors and Senior Management on an annual basis.

The Company has obtained declaration from its Directors and Senior Management affirming their compliance to the Code of Conduct for the current year.

A copy of the Code of Conduct is made available on the website of the Company i.e. http://www.nucleussoftware.com/investors

(f) Prevention of Insider Trading

During the year, the Company has amended the "Code of Conduct for prevention of Insider Trading "to regulate, monitor and report trading by insiders, in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018. The code also includes practices and procedures for fair disclosure of unpublished Price sensitive information. There is quarterly update placed before Board for any disclosures received under the Code. The policy is available on our website *https://www.nucleussoftware.com/investors*

(g) Risk Management and Internal Control Policies adopted by the Company

A report on Risk Management and Internal Control Policies adopted by the Company has been discussed later as a separate chapter in this Annual Report.

(h) Adherence to Accounting Standards

The Company follows the mandatory Accounting Standards prescribed by The Institute of Chartered Accountants of India and to the best of its knowledge; there are no deviations in the accounting treatment that require specific disclosure.

(i) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the period under review, No such fund is raised by the Company

(j) Management Discussion and Analysis

As required by SEBI (LODR) Regulations 2015, the Management Discussion and Analysis is provided in this Annual Report. As a voluntary initiative, the Company also prepares and publishes Management Discussion and Analysis for the consolidated financials in the Annual Report, which is also provided later in this Annual Report.

(k) Subsidiary Companies

The Company has Nine subsidiaries across the globe.

The Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website i.e www.nucleussoftware.com.

The following table provides a list of all these subsidiaries as on March 31, 2019.

Date of Incorporation/ acquisition	Subsidiaries	Location	Percentage of Shareholding
February 25, 1994	Nucleus Software Solutions Pte. Ltd.	Singapore	100%
August 5, 1997	Nucleus Software Inc.	US	100%
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan	100%
May 6, 2004	VirStra *i*-Technology Services Limited	India	100%
February 2, 2006	Nucleus Software Netherlands B.V.	Netherlands	100%
April 21, 2008	Nucleus Software Ltd.	India	100%
February 3, 2014	Nucleus Software Australia Pty Limited	Australia	100%
Feb 10, 2015	Nucleus Software South Africa Pty. Ltd.	South Africa	100%
March 17, 2016 (Date of Acquisition)	Avon Mobility Solutions Pvt. Ltd.	India	100%

Table 14

(I) Unlisted Indian Subsidiary Companies

The Company has three Indian subsidiaries; Nucleus Software Ltd., Virstra *i*- Technology Services Ltd. and AVON Mobility Solutions Private Limited. All of these are unlisted Indian subsidiary companies. The investment of the Company in the subsidiaries does not exceed twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year. Also, the subsidiaries have not generated twenty per cent of the consolidated income of the Company during the previous financial year.

(i) Mr. Prithvi Haldea, Independent Director on the Board of Directors of the Company, is an Independent Director on the Board of Directors of Virstra *i*- Technology Services Ltd.

(ii) Mr. Prithvi Haldea and Prof. Trilochan Sastry, Independent Directors on the Board of Directors of the Company, are Directors on the Board of Directors of Nucleus Software Ltd.

(iii) The Audit Committee of the Company reviews the financial statements, in particular, the investments made by Virstra *i*- Technology Services Ltd., Nucleus Software Ltd. and AVON Mobility Solutions Private Limited.

(iv) The minutes of the Board meetings of VirStra *i*-Technology Services Ltd. Nucleus Software Ltd. and AVON Mobility Solutions Private Limited are placed at the Board meetings of the Company.

The management periodically brings to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

The Company policy for determining 'material' subsidiaries' and policy on Related Party Transactions, as approved by the Board can be accessed on the Company website link: http://www.nucleussoftware.com/investors.

(k) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2016-17, 2017-18 and 2018-19 respectively: Nil

E. General Shareholder Information

• **Date of incorporation**	9th January, 1989
• **Registered Office**	33-35, Thyagraj Nagar Market, New Delhi-110 003 India
• **Corporate Office**	A-39, Sector 62 Noida, 201307 India
• **Date and time of Annual General Meeting**	July 8, 2019, 4.00 p.m.
• **Venue of Annual General Meeting**	PHD Chamber of Commerce & industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, , New Delhi-110016
• **Date of Book Closure for AGM**	July 2, 2019 to July 8, 2019 (both days inclusive)

Financial Calendar for the financial year 2019-20 (tentative and subject to change)

Financial reporting for :	**Tentative dates**
First Quarter ending June 30, 2019	between July 15-31, 2019
Second Quarter ending September 30, 2019	between October 15-31, 2019
Third Quarter ending December 31, 2019	between January 15-31, 2020

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Financial reporting for :	Tentative dates
Year ending March 31, 2020	between April 20- 30, 2020
Annual General Meeting for the year ending March 31, 2020	July 2020
• **Listing on Stock Exchanges**	**Scrip Symbol/Code**
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002 #Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai-400051	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	531209

• **International Securities Identification Number**	INE096B01018
• **Registrars of Company & Share Transfer Agents**	Karvy Fintech Pvt. Limited, Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 E-mail: mailmanager@karvy.com
• **Dividend Payment Date**	The final dividend, if declared, shall be paid/ credited on or before August 7, 2019

The annual listing fees for 2019-20 have been paid to both the Stock Exchanges.

a) Market Price Data on NSE & BSE for the financial year 2018-19

Month	NSE					BSE				
	Open	High (Rs.)	Low (Rs.)	Close	Total Volume	Open	High (Rs.)	Low (Rs.)	Close	Total Volume
Apr-18	403.35	506.00	403.35	487.10	1,113,593	406.55	505.00	405.00	487.85	153,941
May-18	491.70	500.00	370.00	385.50	683,928	494.00	510.00	371.10	385.20	1,39,610
Jun-18	384.70	398.70	335.10	368.10	490,510	385.85	387.85	330.60	366.75	64,358
Jul-18	368.00	410.30	337.65	345.55	1,011,405	365.00	410.90	337.10	345.70	143,177
Aug-18	347.95	465.00	345.90	456.80	1,750,166	346.50	466.00	346.05	454.50	228,014
Sep-18	459.80	462.00	354.75	365.30	1,141,744	456.60	462.00	350.20	362.90	140,800
Oct-18	375.00	405.05	343.05	388.10	4,78,907	369.05	396.30	344.00	386.60	62,173
Nov-18	386.50	399.60	355.15	378.00	4,90,104	389.00	398.60	357.80	377.95	47,689
Dec-18	381.40	386.45	364.40	378.30	2,36,413	377.70	385.50	364.00	378.05	17,841
Jan-19	376.40	385.00	341.05	355.30	1,74,557	377.30	385.05	343.55	354.70	11,283
Feb-19	347.00	362.20	315.40	338.35	3,32,854	354.50	365.00	316.10	340.00	17,858
Mar-19	341.75	368.15	322.40	339.90	311,396	343.45	369.20	325.00	338.90	32,736
Total Shares traded during the year					**8,215,577**					**1,059,480**

Table15

Equity shares of the Company are traded in “Group B” category and are a constituent of the Small Cap Index on BSE Ltd.

b) Share Transfer System

The Company’s shares are currently traded in dematerialised form; transfers are processed and approved in the electronic form by NSDL/CDSL through their Depository Participants.

The Company obtains from a Company Secretary in practice, a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 7(3) of SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

c) Reconciliation of share capital

The Company obtains from a Company Secretary in practice, a quarterly certificate of reconciliation of share capital audit with regard to the total admitted equity share capital with the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”) and the total issued and listed equity share capital under Regulation 55A of The Securities and Exchange Board of India (Depositories and Participants) Regulation, 1996**.** The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

d) Dematerialization of Shares

The Equity shares of the Company are under compulsory dematerialization ("Demat") category and can be traded only in electronic form. The Company has dematerialized 28,974,605 shares (99.77 % of the paid up share capital) as at March 31, 2019.

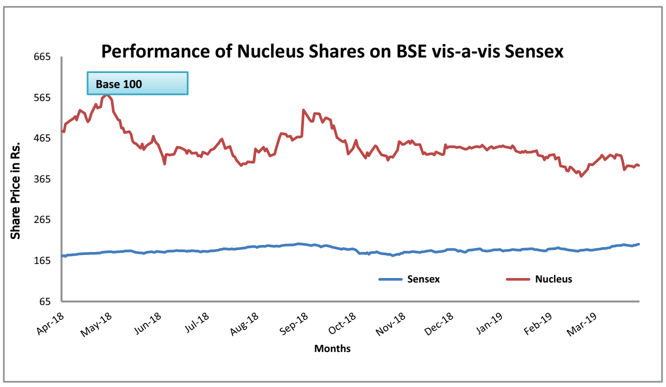
The procedure for converting the shares in dematerialized mode is as under:

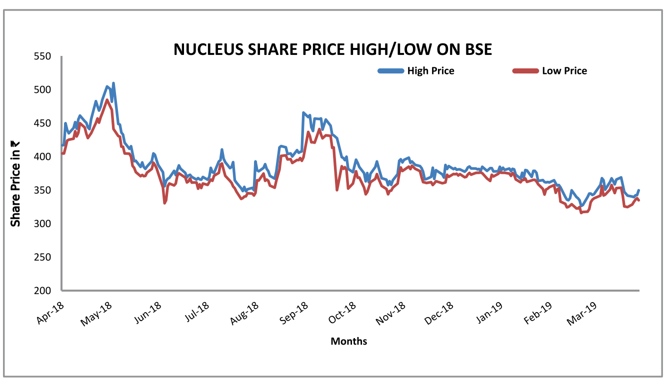
- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to his Depository Participant (DP)
- DP processes the DRF and generates a unique number viz. DRN.
- DP forwards the DRF and share certificates to the Company's Registrar & Shares Transfer Agent.
- The Company's Registrar & Shares Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

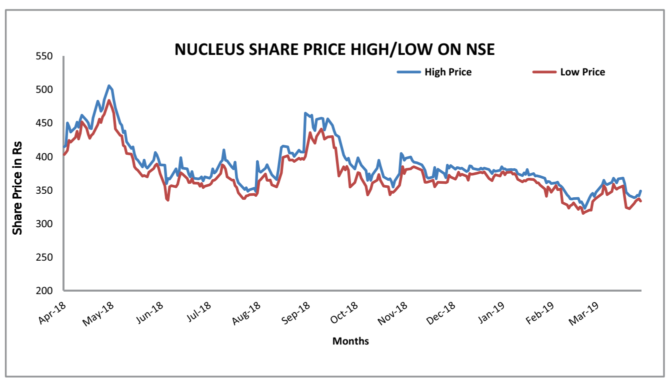
The process of dematerialization takes around 15 days from the date of receipt of DRF by the Registrar & Shares Transfer Agent of the Company.

Since the trading in the shares of the Company can be done only in electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialized.

Effective April 1, 2019 , SEBI barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form.







e) Electronic Clearing Services (ECS)/National Electronic Clearing Services (NECS) facility

The divided remittances to shareholders happen predominantly through ECS / NECS as per the locations approved by RBI from time to time. If the shareholders are located at any of the ECS/NECS centers and have not registered their ECS/NECS, they may forward their ECS/NECS mandate to their depository participant if the shares are held in demat form, or to the Company/Registrars, if the shares are held in physical form, immediately.

Report on Corporate Governance

f) Shareholding Pattern of the Company as at March 31, 2019

Category	As on March 31, 2019		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	11	19,627,866	67.59
Public Share Holding			
Mutual Funds	1	369,241	1.27
Financial Institutions /Banks	3	184,024	0.63
Foreign Institutional Investors	47	2,217,285	7.64
Individuals/HUF	15,527	5,333,135	18.37
Bodies Corporate	232	588,028	2.02
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts/ IEPF/Director or Director's Relatives / NBFC	625	721,145	2.48
Total	**16,446**	**29,040,724**	**100.00**

Table 16

g) Distribution of Shareholding

Equity Shares Held		As on March 31, 2019				As on March 31, 2018			
		Share Holders		Shares		Share Holders		Shares	
From	To	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)
1	100	10,859	66.03	432,819	1.49	9,821	66.11	378,952	1.30
101	200	1,786	10.86	309,610	1.07	1,599	10.76	267,052	0.92
201	500	1,895	11.52	680,253	2.34	1,666	11.21	572,878	1.97
501	1,000	990	6.02	761,190	2.62	901	6.06	668,293	2.30
1,001	5,000	736	4.50	1,573,749	5.42	694	4.67	1,499,997	5.17
5,001	10,000	85	0.51	581,148	2.00	76	0.52	508,099	1.75
10,001	and above	95	0.56	24,701,955	85.06	99	0.67	25,145,453	86.59
TOTAL		**16,446**	**100.00**	**29,040,724**	**100.00**	**14,856**	**100.00**	**29,040,724**	**100.00**

h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2019, the Company has no American Depository Receipts / Global Depository Receipts / Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the financial year 2018-19.

i) Employee Stock Option Plans (ESOP)

The ESOP 2015 has been formulated in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOP 2015 contemplates dealing in/ acquisition of secondary shares through an Employee Welfare Trust (Trust) route.

The Company has got shareholders' approval vide postal ballot in Jan 2015 , in respect of ESOP 2015 and grant of Stock Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration/ Compensation Committee from time to time . No Options have been granted under ESOP (2015) during the year.

j) Investor Education and Protection Fund ("IEPF")

As per Section 124(5) and 124(6) of the Act read with the IEPF Rules as amended, any dividend which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the IEPF fund.

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members whose Dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/ unclaimed for seven consecutive years or more.

Members are requested to claim the same on or before the respective dates as mentioned in the reminder letters. In case the dividends are not claimed by the said date, necessary steps will be initiated by the Company to transfer such dividend and/or shares without further notice. No claim shall lie against the Company in respect of the shares so transferred to IEPF Demat Account. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 have been transferred to the IEPF.

k) **Equity shares in the suspense account:**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	35	2,706
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares

l) Details of total fees paid to Statutory Auditors

B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W–100024) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

Particulars	Amount (in ₹ lacs)
Audit fee	97
Other Services	9
Out of pocket expenses	Nil

m) Locations

Nucleus services its clients through a network of domestic and international offices. At the year-end, Nucleus had wholly-owned subsidiaries in India, Japan, Netherlands, Singapore, South-Africa, U.S.A, Australia and branch offices in Mumbai and Chennai in India and Dubai (UAE) and London (UK) and USA.

Nucleus operates state-of-the-art Software Development Centers at Noida (U.P.). The Noida Centre is under the Software Technology Park Scheme of the Government of India.

Virstra *i*- Technology Services Limited, wholly owned subsidiary operates a Development Centre at Pune (Maharashtra).

Nucleus Software Limited (NSL), wholly owned subsidiary operates from a Special Economic Zone, Mahindra World City, Jaipur Ltd. (MWCJL).

AVON Mobility Solutions Pvt. Ltd., wholly owned subsidiary is based in Chennai and has very good experience in logistics domain and expertise in developing mobile applications.

PARENT COMPANY

Nucleus Software Exports Ltd.

Registered Office	**Corporate Office**
33-35, Thyagraj Nagar Market	A-39 Sector 62
New Delhi-110 003	Noida-201 307
India	**India**

SUBSIDIARIES

Nucleus Software Solutions Pte. Ltd.
300, Tampines Avenue-5#04-06,
Tampines Junction
Singapore-529653

Nucleus Software Japan Kabushiki Kaisha
Mitsubishi Building
11F, 5-2 Marunouchi, 2 Chome
Chiyoda Ku
Tokyo 100-0005
Japan

Nucleus Software Inc.
505, Thornall State, Suite 401,
Edison, NJ 08837-2260
USA

Nucleus Software Netherlands B.V.
Cuserstaat 93, Floor 2nd & 3rd
Amesterdam 1081CN
Netherland

VirStra *i*- Technology Services Limited
Marisoft 1, 6th Floor, Marigold Premises,
Vadgaon Sheri
Pune 411 014
India

Report on Corporate Governance

Nucleus Software Ltd.
Plot No. IT- A - 017,
Mahindra World City (Jaipur) Ltd.
IT/ITES Special Economic Zone
Jaipur 302 037, **India**

Nucleus Software Australia Pty. Ltd.
Suite 4, 96-98 Wigram Street
Harris Park, NSW 2150, **Australia**

Nucleus Software South Africa Pty. Ltd.
28, Fort Street, BIRNAM,
Gautang - 2196, Johnhasburg
South Africa

AVON Mobility Solutions Pvt. Ltd.
SKCL Triton Square,
5th floor, unit#C3-C7, CIPET Road,
Thiru-Vi-Ka Industrial Estate,
Guindy, **Chennai**-600032

BRANCH OFFICES IN INDIA

A. Mumbai

Wellington Business Park
405-408,4th Floor, Near S.M Centre,
Marol Naka, Andheri Kurla Road, Andheri (East)
Mumbai 400 059

B. Chennai

SKCL Triton Square,
5th floor, unit#C3-C7, CIPET Road,
Thiru-Vi-Ka Industrial Estate,
Guindy, **Chennai**-600032

Branch Offices in Overseas Locations

A. London (UK)
Nucleus Software Exports Ltd.
4.01 288 Bishops Gate, London
EC2M4QP, **UK**

B. Dubai (U.A.E)
Nucleus Software Exports Ltd
Office #305, EIB Building # 05,
Dubai Internet City (DIC),
Dubai, **U.A.E.**

C. USA
Nucleus Software Exports Ltd.
505, Thornall Street, Suite 401
Edison , NJ 08837 -2260, **USA**

n) Investor Correspondence may be addressed to:
Ms. Poonam Bhasin
The Company Secretary and Compliance Officer
Nucleus Software Exports Ltd.,
33-35, Thyagraj Market,
New Delhi-110003, India
Tel: +91-(120)-4031400
Fax: +91-(120)-4031672
Email: investorrelations@nucleussoftware.com

o) Other General Shareholder Information

The other mandatory and additional information of interest to investors is voluntarily furnished in a separate chapter “Shareholders’ Referencer” of this Annual Report.

p) Auditors’ Certificate on Corporate Governance

As required by Schedule V of the SEBI (LODR) Regulations 2015, the Auditors’ certificate on Corporate Governance is annexed to Director’s Report as Annexure C.

q) CEO/CFO Certification

As required by SEBI (LODR) Regulations, 2015, the CEO/CFO certification is provided as **Annexure B** to the report on Corporate Governance, in this Annual Report.

r) Secretarial Audit

As per the Companies Act 2013, Secretarial Audit by a practicing Company Secretary has become mandatory for prescribed companies, and they are required to annex the Secretarial Audit report with their Board Report in the Annual Report. We are pleased to inform that your Company, as a voluntary practice, has been getting Secretarial audit done for the past several years, and also reporting it in the Annual Report.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Sanjay Grover & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report in the prescribed Form MR 3, is provided as Annexure F to the Directors’ Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Secretarial Auditor has made certain recommendations for adopting additional Best Practices, which are now being implemented.

s) Compliance with the Code of Conduct

All Directors and Senior Management personnel of the Company have affirmed compliance with the code for the financial year ended March 31, 2019. A declaration to this effect signed by the Managing Director has been published as **Annexure C** to this report on Corporate Governance.

t) Green Initiatives by the Ministry of Corporate Affairs, Government of India

The Company whole-heartedly supported the ‘Green Initiative’ of the Ministry of Corporate Affairs, Government of India enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent. This year also the Company is actively pursuing this initiative by sending Annual Reports in a soft copy form.

u) Commodity price risk or foreign exchange risk and hedging activities:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated

November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, Please refer to Management Discussion and Analysis Report for the same.

v) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

No such credit rating taken by Company during the Financial year under review.

F. Compliance with Non-Mandatory Requirements of Regulation 27 (1) of SEBI (LODR) Regulations, 2015

Regulation 27 (1) of SEBI of the Listing Agreement mandates us to obtain a certificate from either the statutory auditors or practicing Company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and the same is given as Annexure to the Directors' report.

The Company has complied with all mandatory requirements of Schedule II of SEBI (LODR) Regulations 2015. The Company has adopted following non-mandatory requirements as prescribed under:

a. Shareholder Rights

The Regulation states that a half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each household of shareholders.

- We communicate with investors regularly through e-mail, telephone and face-to-face meetings in investor conferences, Company visits or during road-shows. We also leverage the Internet in communicating with our investor base.
- The announcement of quarterly/annual results is followed by:
  - o Media interactions, wherein business television channel in India telecasts discussions with our Managing Director.
  - o Earnings conference calls are conducted after announcement of quarterly/annual results wherein the Management updates investor community on the progress made by the Company and answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com for investors' information.
  - o The Company also sends results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).
  - o The Company also sends an instant alert of the results, to all those who register themselves on the corporate website.
  - o Highlights of the results along with a comparison with previous quarters/years, all financial press releases, information on Board of Directors, FAQ for shareholders and other related information on Corporate Governance etc. are also available on the Company website.

b. Modified opinion(s) in audit report

The Company is in the regime of unmodified audit opinion.

c. Separate posts of Chairman and CEO

The Company has separate persons as Chairman, Managing Director and CEO.

d. Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

Annexure A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

Nucleus Software Exports Limited

33-35, Thyagraj Nagar Market

New Delhi- 110003

1. That Nucleus Software Exports Limited (CIN: L74899DL1989PLC034594) is having registered office at 33-35, Thyagraj Nagar Market, New Delhi- 110003 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
2. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. As on 31st March, 2019, the Board of Directors of the Company comprises of the following directors:

Sr. No.	Name of Director	Director Identification Number (DIN)
1.	Siddhartha Mahavir Acharya	00545141
2.	Vishnu Rampratap Dusad	00008412
3.	Ravi Pratap Singh	00008350
4.	Ritika Dusad	07022867
5.	Prithvi Pal Singh Haldea	00001220
6.	Elaine Mathias	06976868
7.	Sadhu Trilochan Sastry	02762510
8.	Narayanan Subramaniam	00166621

Based on verification and examination of the disclosures/ register under section 184/ 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN based search on MCA Portal (www.mca.gov.in), we certify as under:

4 None of the above named Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority for the Financial Year ending 31st March, 2019.

5. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. This certificate is based on the information and records available up to date of this certificate and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-
Sanjay Grover
Managing Partner
CP No.:3850

New Delhi
April 23, 2019

Annexure B

CERTIFICATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

We, R.P. Singh, Chief Executive Officer (CEO) and Ashish Nanda, Chief Financial Officer (CFO), of Nucleus Software Exports Limited ("the Company"), to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements for the Quarter & Financial Year ended March 31, 2019 along with its schedules and notes on accounts, as well as the cash flow statements;
2. These statements do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the statements made;
3. These financial statements, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and applicable laws and regulations;
4. Based on our knowledge and information, no transactions entered into by the Company during the period, are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee of the Company's Board of Directors, deficiencies in the design or operation of internal controls and steps proposed to be taken to rectify these deficiencies.
6. We have disclosed, based on our most recent evaluation, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
    a. Significant changes in internal control over financial reporting during the period, if any;
    b. There are no significant changes in accounting policies during the period; and
    c. There are no instances of fraud of which we have become aware and the involvement, therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

	Sd/-	**Sd/-**
Noida	**R P Singh**	**Ashish Nanda**
April 23, 2019	**CEO**	**CFO**

Annexure C

DECLARATION BY CEO REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I, R P Singh, Chief Executive Officer (CEO) of Nucleus Software Exports Limited ("the Company") confirm that the Company has adopted a Code of Conduct ("Code") for its Board Members and senior management personnel and the Code is available on the Company's Website.

I, further confirm that the Company has in respect of the financial year ended March 31, 2019, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Sd/-
R P Singh
CEO

Noida
April 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forming Part of the Financial Statements for the year ended March 31, 2019

Management's Discussion And Analysis of Financial Condition And Results of Operations

Management's discussion and analysis of the financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to Management perceptions.

A. Industry Structure and Development

In 2019, worldwide spending on IT is projected to grow to $3.76 trillion, an increase of 3.2 percent from 2018, according to the latest forecast by Gartner Inc. As organizations continue to see the benefits of cloud computing, spending on enterprise software will continue to exhibit strong growth, growing 8.5 percent in 2019. It will grow another 8.2 percent in 2020 to total $466 billion. Digital technology is creating new opportunities for the technology industry. Largely due to the rapid growth of IoT in recent years and the cost savings generated by cloud and automation, we will see more spending diverted towards new technologies such as AI, robotics and AR/VR.

As per NASSCOM, in FY19 the IT software and services revenues growth touched $181 billion, with the overall IT exports growing to $137 billion compared to $126 billion in FY18, and domestic revenues growing to $44 billion from $41 billion in FY18.

We are a product software company and making products is quite different from delivering services; it requires a distinctive mindset, capabilities and environment. The industry is also shifting, with increasing focus on Fin-tech solutions across a wide range of areas including digital channels and mobility. Artificial intelligence and analytics are emerging as core technologies. The growth of financial analytics solutions is helping the banking and financial services sector manage risk better and take data driven decisions. This makes us hopeful of the future and we continue to work towards securing our future as a great Product Company.

B. Company Background

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Nagar Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd. and BSE Ltd.

Nucleus Software is the leading provider of lending and transaction banking products to the global financial services industry. Its' software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. We have inter-alia, two flagship products, built on the latest technology:

- FinnOne™, 10 time winner - World's Best Selling Lending Solution.
- FinnAxia™, an integrated global transaction banking solution used by banks worldwide to offer efficient and Innovative global payments and receivables, liquidity management and business internet banking services.

During the year, we have continued to enhance our solutions to take advantage of market trends, such as increasing digitization of financial services. We have leveraged India Stack further to offer end to end digitization of Loan lifecycle.

We launched a sourcing channel application – mFin that offers specialized solution for microfinance loan application processing. The mFin app provides on the go capabilities to acquire microfinance customers for Joint Liability Groups as well as Self Help Group. mFin empowers the sales team to be efficient in data capturing, planning customer visits and credit decision. This channel capability is fully extended to the core application processing platform FinnOne Neo CAS.

As a part of ongoing development program, we also launched FinnAxia 6.0. FinnAxia 6.0 comes with advanced supply chain finance and trade finance solutions, which will enable banks to capture this massive opportunity and help them gain and retain their position as the banker-of-choice for the new customer segments. The supply chain supports the 4-corner model (two-bank interoperable), 3-corner model (single-bank closed) and the point model of financing. The four-corner model facilitates the on-boarding process of buyers and sellers and gives trade banks an extended global reach based on interbank relationships.

The trade finance solution in FinnAxia 6.0 comes with new features such as standby letters of credit - which mitigates risks in the exports business; shipping guarantees - which provides benefits to the buyer with faster possession of goods and improved cash flow; and multi-currency import and export loans - which assist with funding trade transactions at important points throughout the trading cycle of a company; thus enabling seamless cross border trade.

The new solution also includes a slew of updates in the front end ensuring enhanced usability and smoother operations. Security has been enhanced with the provision of login fingerprinting. The solution also enables banks to provide frictionless real-time payments & new payment distribution channels (mobile wallets) for their customers. With FinnAxia 6.0, banks can thus help their new customers not only fulfill their growth aspirations but also build a better relationship with their supply chain partners.

During the year, PaySe™ payment solutions have been expanded in both functionality and reach. PaySe today is truly an offline and online payment solution. PaySe offline payment solutions have been deployed in rural India and is going to be a key infrastructure in making digital villages. PaySe is moving in the direction of partnering with financial institutions to make micro credit on tap a reality.

PaySe online payment solutions gives a migration path to our rural customers who are having smart phones , have mobile literacy and are capable of using mobile apps. PaySe enables merchant payments, mobile recharges, bill payments, ordering for your daily needs, split bills, scratch cards management etc.

The Government of India has launched a massive program to move the country from a cash based economy to a digital economy and PaySe will play an important role as it is primarily focusing on the rural and semi urban economy.

Over the years, our committed professionals have provided solutions par excellence and with our deep expertise and global experience, we have created a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations. Today, in 50 countries, 150 of the world's most innovative organizations use our solutions to support millions of customers. Nucleus Software operates through integrated and well-networked subsidiaries in India, Japan, the Netherlands, Singapore, USA, Australia and South Africa. Since 1995 product development has been our strength and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Over the years we have gained deep experience working closely with IT leaders in the Banking and Financial Services industry. Headquartered in Delhi, India, the Company has nine subsidiaries, as described in table 1 below.

Date of Incorporation/ Acquisition	Name of Subsidiary Company	Location	Percentage of Shareholding
February 25, 1994	Nucleus Software Solutions Pte. Ltd.,	Singapore	100%
August 5, 1997	Nucleus Software Inc.	USA	100%
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan	100%
May 6, 2004	VirStra-i Technology Services Ltd.	India	100%
February 3, 2006	Nucleus Software Netherlands B.V.	Netherlands	100%
April 21, 2008	Nucleus Software Ltd.	India	100%
February 3, 2014	Nucleus Software Australia Pty. Ltd.	Australia	100%
February 10, 2015	Nucleus Software South Africa (Pty) Ltd.	South Africa	100%
March 17, 2016	Avon Mobility Solutions Pvt. Ltd.	India	100%

Table 1

The Company has branch offices in Chennai and Mumbai in India and in London, UK, USA and Dubai. The Singapore subsidiary has a representative office in Jakarta in Indonesia and in Manila in the Philippines. These subsidiaries/branch offices help the Company in providing front-end support to customers and explore new opportunities.

C. The Way Forward

As digital business and digital business ecosystems move forward, IT is no longer just a platform that enables organizations to run their business but it is becoming the engine that enables them to meet the rapidly changing needs of their customers. Today, the world's leading banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. In the future, it is possible, perhaps likely, that there will be no direct interaction between customers and banks as their requests for finance will be handled by digital assistants and bots - operating completely autonomously.

Artificial intelligence solutions such as bots, are being used in many areas, including providing online, interactive mortgage advice to consumers and assisting customers in simple tasks such as making payments. Indeed, many processes are now completely free of any human engagement. Today, things such as analyzing consumer behavior to identify a new type of loan product, offering a tailored experience, taking finance to customers' doorsteps and plugging lending into the evolving purchase cycle for a seamless experience have all been facilitated by analytics and AI. On the corporate banking side, sleek and efficient offerings around payments, foreign exchange, advanced analytics, and supply chain finance are redefining service, creating lucrative niches and extending corporate banking activities from the corporates to the small-business segment. Banks must be able to launch new products in minutes, anticipate customer needs before they even express them and be agile enough to align very quickly to market needs.

The Company is well on its way to developing world class IT products for customers in the banking and financial services space, where changing business requirements and growing complexity are driving rapid adoption of technology. We are taking our digital capabilities to existing and new customers while also investing in disruptive innovation that will drive industrial productivity in the future. The adoption of cloud technology has been accelerating dramatically. According to McKinsey, the expenditure on cloud infrastructure is expected to grow at more than six times faster in comparison to other IT infrastructures by 2020. We designed FinnOne Neo Cloud to help Non Banking Finance Companies and Housing Finance Companies deliver tomorrow's digital lending, today. With our solution, our customers can offer mortgage loan approvals virtually on the spot, extend credit profitably to people with informal income, provide end-to-end loan services on mobile, expand into new lines of business quickly and handle large volume of loans cost effectively.

With implementations across 50 countries, FinnOne has been recognized as the world's best-selling lending 10 times by IBS Intelligence. We have helped customers all over the world go-live and benefit from the advancements in technology. Banks and other financial institutions rely on gathering, processing, analyzing, and providing information in order to meet the needs of customers. For three decades our mission has been to help our customers succeed by leveraging the latest technologies.

We believe that customer-centricity is vital – both for us and for our customers, and therefore we have made it a priority to embed our solutions deeper into the consumer's journey. This means thinking about financial services not as a separate activity, but as an enabling activity that should be seamlessly woven into a consumer's everyday life. As a leader in the financial technology space, we are always focused on product innovation with a passion for perfection and a relentless commitment to deliver best-in-class products to banks globally.

Management's Discussion and Analysis

Some notable accolades won over the years are as follows:

- Ranked second in **"Corporate Governance and Sustainability Vision Awards 2019"** as held by Indian Chamber of Commerce, for the Best Practices followed in the Industry.
- Annual Report for the year Ended March 31, 2018 won a **Gold award** for excellence within the Industry - Technology-Software and a ranking of # 33 amongst the top 100 Annual Reports worldwide by League of American Communications Professionals LLC (LACP)
- **"Best Lending Technology Implementation of the Year"** award at the BFSI Innovative Technology Awards 2018 for project Lending on cloud for Sai Point Finance with FinnOne Neo.
- Received an award in **Mid Corporate Segment-for Excellence in IT/ITES Sector**, at SME Business Excellence Awards, 2017 organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B).
- Annual Report for the Year Ended March 31, 2017 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked 7th amongst the World's Top 100 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- **bob Finance and FinnOne win The Banking Technology Award 2016**, bob Finance AG, a financial service company in Switzerland deployed Nucleus Software's FinnOne for offering an innovative and completely digitized loan service. This implementation won The Banking Technology Award 2016 - Highly Commended for Best Use of IT in Lending.
- Named as a **'Model Bank Vendor 2016'** Award by Celent for helping multiple clients achieve technology or implementation excellence.
- Recognized amongst the **'World's top 5 Mobile Banking Solution Providers'** by Forrester Research, Inc. in The Forrester Wave™: Mobile Banking Solutions, Q4 2015.
- Corporate LiveWire – FinTech Excellence Awards 2015 in the category **"Excellence in Providing Banking Products"**
- FinnOne™ **10 time winner - World's Best Selling Lending Solution** by IBS Publishing, UK.
- Annual Report for the Year Ended March 31, 2014 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked amongst the World's Top 50 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- 9th Social and Corporate Governance Awards in the category **"Best Overall Corporate Governance Compliance and Ethics Program** organised by World CSR Congress.
- Titanium Award at **"The Asset Triple A Corporate Awards 2014"** for Third Consecutive Year under the category Financial Performance, Corporate Governance and Investor Relations.
- **"Asian CSR Leadership Awards 2014"** in the category, "Best Corporate & Financial Reporting".
- **"The Asian Banker award – 2014"** for "Best Lending Platform Implementation Project" for introducing MARC, an innovative debt servicing solution that allows customers to make payment anytime, anywhere.
- The Company was inducted into the coveted **Hall of Fame** by the **Institute of Chartered Accountants of India**, in the category, Service sector (other than financial services) with turnover less than Rs. 500 crore, of the 'ICAI Awards for Excellence in Financial Reporting' in the year 2013.
- CIMB Malaysia, our customer, powered by Nucleus Software's FinnOneTM implementation, has received the Process Excellence Award for Collection and Debt Management at the prestigious BPA Trailblazer Awards.
- Vietnam Prosperity Bank's Loan Origination system, powered by Nucleus Software's FinnOne CAS, LMS and Collections was recognized with **Model Bank Award by Celent** (March 2013).
- Forrester recognized Nucleus as a **"Global Pursuer"** and stated it "regained traction in 2010". Based on the number of deals and regions covered, Nucleus was ranked among top Banking Platform providers Source: Global Banking Platform Deals 2010, Forrester Research, Inc., 31st March 2011.
- HDFC Bank, Nucleus Software customer, won the prestigious **Celent 2010 Model Bank Award** for its loan origination system, FinnOne™.

D. Company Management

An active and well-informed Board is necessary to ensure the highest standards of corporate governance. At Nucleus, a well-qualified Board consisting of eight members manages the Company. During the year, the tenure of Mr. N. Subramaniam as an Independent Director of the Company came to an end on March 31, 2019. Mr. N. Subramaniam conveyed his desire not to seek re-appointment as Independent Director of Company for the second term. The Board members thanked Mr. N. Subramaniam for his immense contribution and guidance, and in framing a strategic roadmap of the Company during his tenure.

As on 31st March 2019, Five out of eight members of the Board are Non-Executive, Independent Directors and one member as Non-Executive director. These Independent Directors provide valuable contribution in the deliberations and decisions of the Board with their diverse knowledge and expertise. As an effective Board, it develops and promotes the vision, culture and values of the Company and provides entrepreneurial leadership to the company within a framework of prudent and effective controls.

Only a strong global team can drive excellent performance – especially in a challenging business environment. During the year, critical functions of the organisation were strengthened with assessment of Leadership bandwidth to build a strong team aligned to Nucleus fundamentals and culture. Particular emphasis was placed on attracting, developing and retaining talent, especially in emerging markets, through specifically designed programs. At the same time, the focus was on continuously improving and strengthening the leadership team and fostering a unique performance culture at Nucleus. For a global company, a diverse workforce that unites different

Management's Discussion and Analysis

cultural backgrounds and work experience is an important success factor. We continued recruiting people from across the globe and our endeavour is to smoothly manage and assimilate this diversity in work culture.

Total manpower numbers stood at 2,054 at the end of the year.

Through these efforts we continue to build a robust Brand Nucleus with business from all global markets, supported through an effective distribution network of partnerships, alliances and acquisitions to achieve seamless and high quality delivery resulting in a high level of customer satisfaction.

E. OPPORTUNITIES AND THREATS

Innovation and technological advancements, evolving customer expectations, growing acceptance of disruptors and rising regulatory requirements are creating tremendous challenges and opportunities. Gartner recently reported that by 2030, digitization would make 80% of heritage financial services irrelevant – either going out of business, or becoming commoditized or existing formally but not competing effectively. New technologies are driving change and a lot of traditional players face a choice of either becoming irrelevant or proactively disrupting their own business models to thrive in the future. As dramatic as these changes are, the winners will be those companies that leverage the right technology at the right time in the right ways to deliver what their customers want.

Geopolitical factors and the resultant headwinds have impacted the Indian IT-BPM industry as well. However, despite these challenges, the industry continues to grow and establish itself as a digital partner for the world. India's IT-BPM industry today stands at USD 181 billion and employs around 4 million people. The industry continues to grow driven by the demand for AECS-autonomous, electrification, connectivity and shared mobility.

The factors contributing to growth are similar to global markets, and encouragingly, at a faster rate. Increasing access to internet in both urban as well as rural areas, ambitions e-governance projects, continued focus on skill development and growing digital transactions are some of the indicators of rapid growth of the India's digital economy. The Indian Government has a strong focus on transforming the country into a cash-less economy. Various government incentives such as referral bonus scheme to promote the use of BHIM, zero service tax on railway tickets booked online and launch of Aadhaar-based mobile app are aimed at encouraging digital payments across the country.

As an international organization, we have a relentless focus on product development assimilating global best practices, which has led to lending and transaction banking product implementations across more than 50 countries for 150+ customers. Our domain knowledge and years of experience positions us well to enter new markets and expand market share in existing markets.

F. OUTLOOK

Your Company continues its journey as a preferred partner for banking and financial organizations worldwide, providing innovative and pioneering products, services and solutions globally. Continuing the relentless focus on customer success, your Company launched a range of innovative solutions during the year.

'Digital Transformation' has become a central component for businesses across all industries. It entails leveraging digital tools and technologies like mobile, web or digital platforms to make life easier, bringing increased convenience, enhanced efficiency, improved affordability, and better access to information, goods and services.

The banking and financial services sector has gone through unprecedented change in the last few years and the transformation is not yet complete. Fintech firms began to offer consumers a totally new way to deal with financial solutions – a way that was far simpler, faster and easier than what traditional banks offered. Overall, consumer behavior and smart device trends are steering banking technology advances in the direction of convenience.

An increasing number of remote technologies allow you to interact with your bank right from the palm of your hand. And from your email inbox to visiting an actual branch, you can expect to encounter a whole new customer experience, perhaps even sooner than you think. While some leading banks are beginning to evaluate their success in terms of the percentage of their business coming from digital, the next step is "beyond digital". Challenges create opportunities, and we are investing in the right technologies and enhancing our solution to help our customers turn opportunities into profits. We will continue to ensure that our solutions are ready to cater to these evolving needs, so that our customers can take advantage of the opportunities presented.

The National Association of Software and Services Companies (Nasscom) expects India's IT-BPM sector total revenue to reach USD 200-225 billion by 2020 and between USD 350-400 billion by 2025. Digital technologies are creating a new set of opportunities for the technology industry and revenue from these is likely to have a 23 per cent share by 2020 and more than 38 per cent by 2025. Indian service providers face a significant opportunity as digital technologies are increasingly becoming all pervasive and continue to be embedded in an ever widening range of products and services.

G. RISKS AND CONCERNS

These are discussed in detail in the Risk Management chapter provided later in this Annual Report.

H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. Good controls encourage operational efficiency and compliance with laws and regulations, as well as minimizing the chance of errors, theft and fraud. At the same time internal controls also enhance the reliability and accuracy of accounting data.

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The management assessed the effectiveness of the Company’s internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2019.

BSR and Associates LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

The Board of Directors has also appointed Internal Auditors as recommended by the Audit Committee with a well-defined internal audit scope. The Internal Auditor reports to the Chairman of the Audit Committee and presents significant audit observations to the Audit Committee. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The CEO/CFO certification provided elsewhere in this report also places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

I. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company is determined to accelerate its growth story by corresponding to the changing needs of diverse workgroup by fostering an engaging work environment, to constantly build the unique capabilities and skills of the people. The global employee strength of the Company, at the end of FY 2019, was 2,054.

During the Year, there were launches of various organization-wide initiatives to ensure high-performing and engaged workforce, like:

1. Delivering Business Excellence – Frequent connect sessions with associates largely targeting the high potentials
   a) Gathering insights about the workplace, culture & opportunities offered & sharing them with the business for preventive action
   b) Acting as strategic business partner by regularly sharing HR metrics in the form of dashboard and meeting for actions on a monthly and quarterly basis
   c) Launch& closure of Trust Survey
   d) Closure of actions of last year Trust Survey
   e) Gearing up for making it “One of the Great Places to Work for”
2. Employee Assist – Conceptualize & execute suitable interventions to keep associates motivated with a key objective of “Enhancing Employee Experience”

a. Revamping referral program to attract talent from the industry

b. Aligning the annual performance management process (NucEDGE18) to the industry standards

c. Launch of day care in Nucleus Software premises

d. Coffee sessions with Senior Leadership

e. launch of Skillsoft’s e-learning modules organization wide, as a platform to improve technology skills and soft skills

f. focus on leadership development via:

- LEAD and YLP programs
- IIM/MDI residential programs

g. MIT online design thinking and system architecture programs

h. CYMORG, a business simulation tool for top leaders to hone their decision making skills

- nanobytes launched organization wide : gamified short learning capsules focusing on specific competencies for individuals and teams
- initiatives towards values understanding

Going forward, our focus lies in creating a performance-based culture, driven by focused growth and clear career development plan for each employee. The HR roadmap will also focus on ‘Collaboration & Acceleration’ to stimulate our strategic growth through employee empowerment to make it a great place to work for.

J. FINANCIAL PERFORMANCE

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1 , 2017 (transition date being April 1, 2016) pursuant to notification issued by Ministry of Corporate Affairs dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial results have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with read with Companies (Indian Accounting Standards) Rules as amended from time to time.

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 Company has nine subsidiary companies, all of which are wholly-owned subsidiaries except Avon Mobility Solutions Pvt. Ltd., in which the company acquired 96% stake in the year FY15-16. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

i) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company, discussed in this chapter and

ii) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, and has been discussed in the later chapters of this report.

Management's Discussion and Analysis

Standalone financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth (%)
Revenue from Operations	396.76	***100.00***	337.32	***100.00***	**17.62**
Expenses					
a) Employee benefit expense	246.95	*62.24*	216.29	*64.12*	14.18
b) Operating and other expenses	89.27	*22.50*	78.33	*23.22*	13.97
c)Finance costs (Bank charges)	0.30	*0.08*	0.32	*0.09*	(6.25)
Total Expenses	**336.52**	***84.82***	**294.94**	***87.44***	**14.10**
Operating Profit (EBITDA)	**60.24**	***15.18***	**42.38**	***12.56***	**42.14**
Depreciation	7.01	*1.77*	6.47	*1.92*	8.35
Operating Profit after Interest and Depreciation	**53.23**	***13.42***	**35.91**	***10.65***	**48.23**
Other Income	40.29	*10.15*	41.77	*12.38*	(3.54)
Profit Before Tax	**93.52**	***23.57***	**77.68**	***23.03***	**20.39**
Taxation	17.89	***4.51***	12.08	***3.58***	48.10
Profit After Tax	**75.63**	***19.06***	**65.60**	***19.45***	**15.29**
Other Comprehensive Income	(0.19)	(0.05)	(2.83)	(0.84)	93.29
Total Comprehensive Income for the period	**75.44**	***19.01***	**62.77**	***18.61***	**20.18**

Revenue from Operations

Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is recognised in accordance with the output method based on percentage completion. Revenue from time and material contracts is recognised as the services are rendered. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

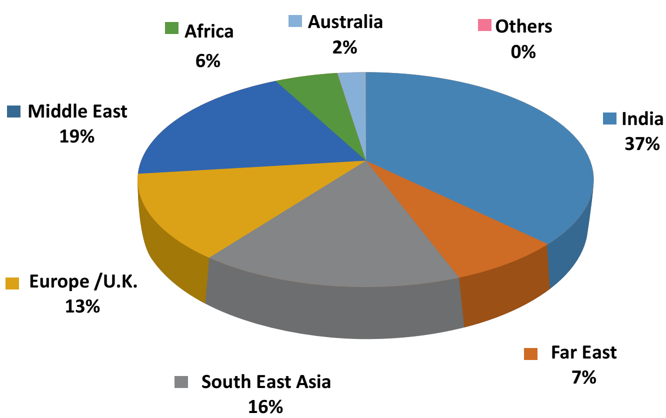
During the year, the revenue from operations is ₹ 396.76 crore, against ₹ 337.32 crore for the previous year.

Revenue from Various Geographies

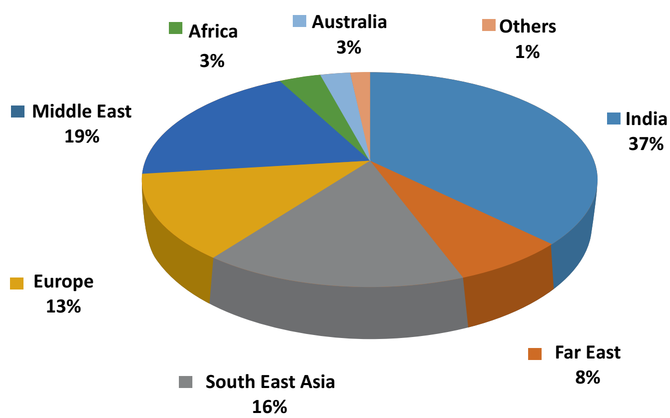
Your Company is incorporated in India and caters to customers situated all across the globe and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

For the year 63% revenue was derived from overseas locations. The graph below presents a geography-wise distribution for the year as well as the previous year.

Revenue from Various Geographies for FY 19



Revenue from Various Geographies for FY 18

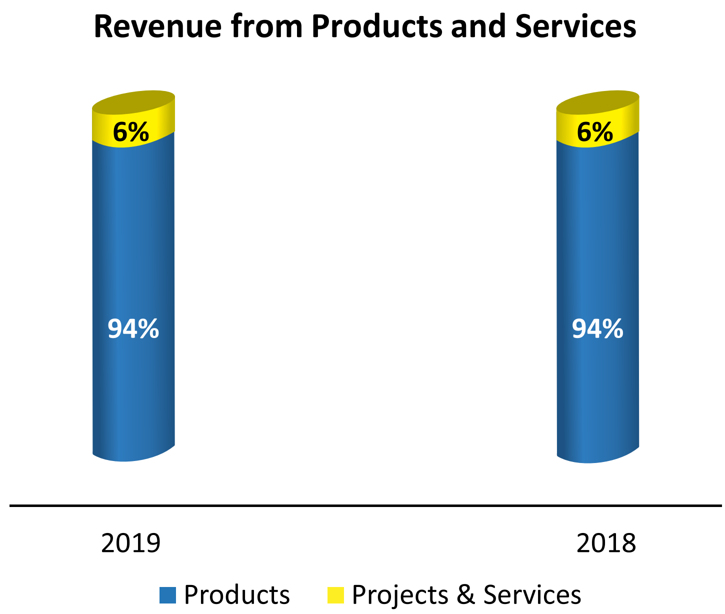


Management's Discussion and Analysis

Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 374.20 crore, 94% of the total revenue, against ₹ 316.07 crore, 94% of total revenue, in the previous year.

Software services rendered by the Company typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹ 22.56 crore, 6% of the total revenue, against ₹ 21.25 crore, 6% of the total revenue, in the previous year.



EXPENSES

Employee Benefit Expense

Employee benefit expense includes salaries paid to employees in India, with fixed, variable and incentives components; provision for gratuity and compensated absence, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 14.18 % to ₹ 246.95 crore, 62.24% of revenue against ₹ 216.29 crore, 64.12% of revenue in the previous year. The increase is primarily due to increase in employee compensation and hiring of resources.

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth (%)
Salaries	226.06	*56.98*	197.27	*58.48*	14.59
Contribution to provident and other funds	11.75	*2.96*	9.96	*2.95*	17.97
Gratuity	3.04	*0.77*	5.14	*1.52*	(40.86)
Staff welfare	6.10	*1.54*	3.92	*1.16*	55.61
Total Employee Benefit Expenses	**246.95**	***62.24***	**216.29**	***64.12***	**14.18**
Revenue	***396.76***	***100.00***	***337.32***	***100.00***	**17.62**

Operating and Other Expenses

Operating and other expense primarily consist of expenses such as travel to execute work at client site and for other sales & marketing activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹ 89.57 crore, 22.58% of revenue for the year, an increase of 13.88 % against ₹ 78.65 crore, 23.32% of revenue in the previous year.

Management's Discussion and Analysis

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth %
Outsourced Technical Service Expense	8.88	*2.24*	9.61	*2.85*	(7.60)
Cost of software purchased for delivery to clients	1.89	*0.48*	2.07	*0.61*	(8.70)
Travelling	16.98	*4.28*	13.40	*3.97*	26.72
Power and fuel	4.14	*1.04*	4.19	*1.24*	(1.19)
Rent	3.32	*0.84*	2.90	*0.86*	14.48
Rates & Taxes	0.18	*0.05*	0.99	*0.29*	(81.82)
Repair and maintenance	4.19	*1.06*	3.35	*0.99*	25.07
Legal and professional	3.92	*0.99*	4.36	*1.29*	(10.09)
Directors remuneration	1.23	*0.31*	1.16	*0.34*	6.03
Conveyance	1.65	*0.42*	1.71	*0.51*	(3.51)
Communication	1.71	*0.43*	1.68	*0.50*	1.79
Information technology expenses	7.83	*1.97*	6.28	*1.86*	24.68
Provision for doubtful debts/advances/other current assets	0.38	*0.10*	0.42	*0.12*	(9.52)
Commission to channel partners	1.95	*0.49*	1.17	*0.35*	66.67
Training and recruitment	2.87	*0.72*	3.43	*1.02*	(16.33)
Conference, exhibition and seminar	2.12	*0.53*	1.52	*0.45*	39.47
Advertisement, business development and promotion	2.05	*0.52*	1.36	*0.40*	50.74
Insurance	0.38	*0.10*	0.41	*0.12*	(7.32)
Finance Cost (Bank Charges)	0.30	*0.08*	0.32	*0.09*	(6.25)
Sales & marketing fee	10.28	*2.59*	12.92	*3.83*	(20.43)
Impairment loss on preference shares carried at amortised cost	6.01	*1.51*	-	*0.00*	NA
Fair value change of preference shares of subsidiary at FVTPL	2.50	*0.63*	-	*0.00*	NA
Miscellaneous expenses	3.79	*0.96*	4.29	*1.27*	(11.66)
Contribution to CSR activities	1.02	*0.26*	1.11	*0.33*	(8.11)
Total Operating and Other Expenses	**89.57**	***22.58***	**78.65**	***23.32***	**13.88**
Revenue	***396.76***	***100.00***	***337.32***	***100.00***	***17.62***

Finance cost includes bank charges and fee for issuance of bank guarantees. It is ₹ 0.30 crore against ₹ 0.32 crore in the previous financial year.

The Increase in Operating and other expense for FY 2019 from FY 2018 are primarily due to impairment in preference shares of IL&FS by Rs 6.01 crore and change in fairvalue of preference shares of subsidiary by Rs 2.5 crore.

The Company has set up Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the company. During the year, the Company contributed ₹ 1.02 crore towards CSR activities to the Foundation. The details of CSR initiatives undertaken by the Foundation has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit of ₹ 60.24 crore, 15.18% of revenue against ₹ 42.38 crore, 12.56% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹ 7.01 crore, 1.77% of revenue for the year against Rs 6.47 crore, 1.92% of revenue in the previous year.

Other Income

Other Income represents income received in the form of dividends from subsidiaries and current investments, interest on fixed deposits and bonds and capital gains on the sale of current investments.

Management's Discussion and Analysis

(₹ in crore)

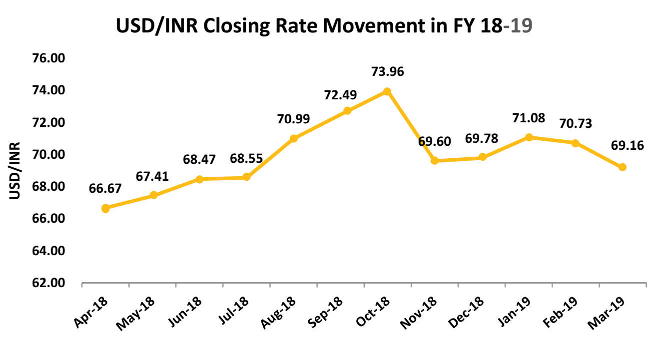
For the Year Ended March 31,	2019	2018
Dividend on investment in Mutual fund units	7.35	9.02
Interest income on financial assets- carried at amortised cost	16.81	17.68
Dividend from Subsidiary companies	14.00	13.89
Net Gain / (Loss) on foreign currency	(2.86)	0.09
Profit on sale of assets/ investments	3.64	0.38
Others	1.35	0.71
Total	**40.29**	**41.77**

Other income for the year is ₹ 40.29 crore against ₹ 41.77 crore for the previous year.

The Company received an Interim dividend of ₹ 4.00 crore from the Indian subsidiary (VirStra-i Technology Services Ltd) and ₹ 6.31 crores from Singapore subsidiary of the Company and ₹ 3.69 Crore from Japan subsidiary. These dividends from subsidiaries do not form part of income on consolidation of parent company and subsidiaries.

Foreign Exchange Gain/ (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange loss of ₹ 2.86 crore against a gain of ₹ 0.09 crore for the previous year. We conduct major portion of our business transactions in currencies other than the Indian Rupee. Nearly Seventy percent of our revenue is denominated in foreign currency, predominantly the US Dollar, while majority of our expenses are in the Indian Rupee and therefore the Company is exposed to continuing risk of foreign exchange fluctuation. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. The exchange rate movement during the year is depicted in the below mentioned chart.



Source: FEDAI

The monthly closing rate of Indian Rupee varied from a high of ₹ 66.67 to the Dollar in April 2018 to a low of ₹ 73.96 in October 2018 and overall lost 6.4% against the US Dollar on a March end to March end comparison.

Taxation

Current tax represents the provision for Indian income tax on the profits of the Company as calculated in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods, in accordance with accounting standards. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

(₹ in crore)

For the Year Ended March 31,	2019	2018
- Current Tax Expense	19.69	11.97
- Deferred Tax Credit (net)	(1.80)	0.11
Total	**17.89**	**12.08**

Total effective tax for the year is 19.13% of Profit Before Tax, in comparison to 15.55% of Profit Before Tax for the previous year. Expenditure of the Company's R & D centre in Noida which is duly recognized by the Department of Scientific and Industrial Research (DSIR), is entitled to weighted tax deduction in accordance with section 35(2 AB) of the Income Tax Act, 1961. Effective tax rate was higher during the year due to dividend income from foreign subsidiaries.

Profit After Tax

Our profit after tax for the year is ₹ 75.63 crore, 19.06% of revenue against ₹ 65.60 crore, 19.45% of revenue, during the previous year.

Other Comprehensive Income (OCI)

Other comprehensive income represents

a) Equity instruments through OCI – this is primarily on account of fair valuation of investment for which the company has made an irrevocable option to present the same in the OCI. For the year it is ₹ 0.06 crore, against ₹ (1.96) crore in the previous year.

b) Remeasurements of the defined benefit plans – consist mainly of remeasurements gain/losses on our defined benefit plans. For the year it is ₹ (1.31) crore, against ₹ 0.47 crore in the previous year.

c) Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net – when a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in OCI. For the year it is ₹1.06 crore, against ₹ (1.34) crore in the previous year.

Total other comprehensive income for the year is ₹ (0.19) crore, against ₹ (2.83) crore in the previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2019 is 29,040,724 equity shares of ₹ 10 each similar to the paid-up share capital as on March 31, 2018.

Other Equity

Movement in the components of Other Equity is as below:

(₹ in crore)

Particulars	Opening Balance as on April 1, 2018	Additions/ (Deletions) during the year	Closing Balance as on March 31, 2019
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	3.34	-	3.34
Retained Earnings	378.27	50.48	428.75
Other Comprehensive Income			
Hedging Reserve	0.02	1.06	1.08
Remeasurement of net defined benefit plans	(0.11)	(1.31)	(1.42)
Equity instrument through other comprehensive income	8.39	0.06	8.45
Total	**390.80**	**50.29**	**441.09**

Retained Earnings

During the year, Company earned net profit of ₹ 75.63 crore. Your Directors have proposed a final dividend of ₹ 9.0 per share. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the current year, the Company paid a total dividend of ₹ 23.23 crore as final dividend for FY17-18 in July 2018.

Property, plant and equipment and Intangible assets

As at March 31, 2019, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹ 32.17 crore against ₹ 30.56 crore as on March 31, 2018.

(₹ in crore)

As at March 31,	2019	2018	% Inc/Dec
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Leasehold land	5.60	5.60	-
Building	16.54	16.27	*1.66*
Office and other equipment	3.23	2.64	*22.35*
Computers	16.49	12.42	*32.77*
Vehicles	3.27	2.47	*32.39*
Furniture and fixtures	1.78	0.92	*93.48*
Software	8.23	6.38	*29.00*
Total	**55.48**	**47.04**	***17.94***
Less; accumulated depreciation	23.31	16.48	*41.44*
Net Carrying Amount	32.17	30.56	5.27

There are fresh additions of ₹ 8.65 crore during the year including ₹ 4.14 crore of computer hardware and ₹ 1.86 crore of software purchases.

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

Investments

Investments of the Company can be categorized as per the following:

i) **Non-current investments** totaling ₹ 269.22 crore as on March 31, 2019 against ₹ 261.73 crore as on March 31, 2018.

a. **Investment in subsidiaries** -The investment of the Company in the Equity Share capital of its subsidiaries stood at ₹ 19.35 crore and preference shares stood ₹ 1.50 crore.

(₹ in crore)

Name of Subsidiary Company, Location	As at March 31, 2019	2018
Nucleus Software Solutions Pte. Ltd. Singapore.	1.63	1.63
Nucleus Software Inc., USA.	1.63	1.63
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA.	(1.63)	(1.63)
Nucleus Software Japan Kabushiki Kaisha, Japan.	0.41	0.41
VirStra *i*-Technology Services Ltd., India.	1.00	1.00
Nucleus Software Netherlands B.V., Netherlands.	4.89	4.89
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands.	(4.89)	(4.89)
Nucleus Software Limited, India.	11.94	11.94
Nucleus Software Australia Pty. Limited, Australia.	0.55	0.55
Nucleus Software South Africa (Pty.) Limited, South Africa.	0.32	0.32
Avon Mobility Solutions Pvt Ltd., India.	3.50	1.92
Avon Mobility Solutions Pvt Ltd., India. (Preference Shares)*	1.50	2.65

*The fair value of Investment in Preference shares of Avon Mobility Solutions Pvt. Ltd. Is determined using discounted cash flow method and as a result the investment value of Rs 4.00 crores was brought down by ₹ 2.50 crores in the current financial year.

b. **Investment in equity shares of a listed company at FVOCI** - ₹ 8.70 crore.

c. **Investment in tax free bonds at amortised cost** - ₹ 87.37 crore.

d. **Investment in preference shares at amortised cost**- ₹ 30.09 crore.

e. **Investment in preference shares at Fair value through profit or loss (FVTPL)** - ₹ 26.86 crore.

f. **Investment in fixed maturity plans of mutual funds at amortised cost** – ₹ 64.06 crore.

g. **Investment in mutual funds at Fair value through profit or loss (FVTPL)** – ₹ 31.30 crore.

ii) **Current Investments and Bank Balances**

As of March 31, 2019 current investments and Bank Balances stood at ₹ 216.08 crore as against ₹ 177.76 crore as on March 31, 2018.

(₹ In crore)

As at March 31,	2019	2018
Balances with Bank		
In Current Accounts	12.77	14.91
In Fixed Deposit Account	39.47	30.89
Current Investments	163.84	131.96
Total	**216.08**	**177.76**

Current Investments of ₹ 163.84 crore as on March 31, 2019, as per below table.

(₹ in crore)

Name of the Scheme	Value of units as at March 31, 2019
Investment in Mutual funds at Fair value through profit or loss (FVTPL)	
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	8.38
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	8.80
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	17.54
ICICI Prudential Equity Arbitrage Fund-Direct Plan- Monthly Dividend Reinvestment	2.63
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	7.11
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	32.76
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	7.08
Reliance Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	11.64
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	5.46
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	4.54
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	7.86
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	6.43
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	6.67
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	6.30
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	7.53
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	4.77
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	6.17
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	8.86
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	3.31
Total	**163.84**

Operating Cash Flow

Our net cash flow from operating activities before working capital changes is ₹ 69.12 crore for the financial year, against ₹ 44.50 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 37.65 crore against ₹ 67.92 crore in the previous year.

To summarize the Company's liquidity position, given below are a few ratios:

As at March 31,	2019	2018
Operating cash flow as % of revenue	9.49%	20.14%
Days of sale receivable	56	77
Cash and Equivalents as % of assets	34.18%	30.06%
Cash and Equivalents as % of revenue	54.46%	52.70%
Current investments as % of assets	25.92%	22.32%
Current investments as % of revenue	41.29%	39.12%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2019 are ₹ 61.05 crore against ₹ 70.80 crore on March 31, 2018. The age profile of the debtors (net of provision) is given below

As at March 31,	2019	2018
Less than three months	83.02%	77.38%
Between 3 and 6 months	3.80%	5.37%
More than 6 months	13.18%	17.25%

Loans and Other Financial Assets

Loans and Other Financial assets have been classified into Non Current and Current based on their period of realization.

(₹ in crore)

As at March 31,	2019	2018
Non – Current		
Staff Loans	0.07	0.09
Security deposits	2.03	1.32
Long-term bank deposits	0.19	8.50
Total	**2.29**	**9.91**
Current		
Staff Loans	0.28	0.29
Security deposits	0.04	-
Mark-to-market gain on forward contracts	1.67	0.03
Expenses recoverable from customers	0.41	0.26
Total	**2.40**	**0.58**
Total Loans and Other Financial Assets	**4.69**	**10.49**

Outstanding amounts from wholly owned subsidiaries at the end of FY 2019 and FY 2018 are as below:

(₹ in crore)

As at March 31,	2019	2018
Long Term		
Nucleus Software Limited, India	7.32	7.32
Less: Provision for doubtful loan	(7.32)	(7.32)

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹ 2.07 crore as on March 31, 2019 against ₹ 1.32 crore as on March 31, 2018. Long term bank deposits amounting to Rs 0.19 crore as on March 31, 2019 include deposits held with bank for maturity more than 12 months from balance sheet date under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.

Other Assets

Other Assets represents income tax asset, Employee advances, Service income accrued but not due, Balances with Government authorities, Supplier and capital advances, prepaid and deferred expenses. Other assets have been classified into Non Current and Current based on their period of realization.

(₹ in crore)

As at March 31,	2019	2018
Non – Current		
Advance Tax	16.36	13.40
Employee Advances	0.38	0.38
Capital Advances	-	0.07
Prepaid Expenses	0.05	0.01
Advance payment to gratuity trust	1.06	-
Deferred Expenses	0.30	0.06
Total	**18.15**	**13.92**
Current		
Service income accrued but not due	14.06	9.22
Employee Advances	0.54	0.37
Prepaid Expenses	3.17	3.40
Contract cost	0.70	-
Balances with Government authorities	0.51	0.33
Supplier advances	3.87	3.06
Deferred Expenses	0.05	0.03
Total	**22.90**	**16.41**
Total Other Assets	**41.05**	**30.33**

Current Liabilities

(₹ in crore)

As at March 31,	2019	2018
Financial liabilities		
Trade Payables	10.26	51.04
Unpaid dividends	0.40	0.24
Payable for purchase of fixed assets	-	0.01
Employee payable	40.72	-
Other current liabilities		
Advances from customers/Advance Billing	45.06	60.45
Deferred Revenue	51.25	43.54
Payable to Gratuity Trust	5.20	3.72
Statutory dues	-	4.99
Short term provisions		
Compensated absences	1.80	1.71
Income tax	0.52	-
Total	**155.21**	**165.70**

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2019 the Current liabilities are ₹ 155.21 crore (₹ 165.70 crore as on March 31, 2018).

Trade payables represent the amount payable for providing goods and services and are ₹ 10.26 crore as on March 31, 2019 against ₹ 51.04 crore as on March 31, 2018.

Employee Payables includes the provision for Bonus, accrued salaries, incentives and retention bonus payable to employees.

Advances from customers/Advance Billing as on March 31, 2019 is ₹ 45.06 crore against ₹ 60.45 crore as on March 31, 2018. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is at later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2019 it is ₹ 51.25 crore against ₹ 43.54 crore as on March 31, 2018.

Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, GST, etc. As on March 31, 2019 it is ₹ 5.20 crore against ₹ 4.99 crore as on March 31, 2018.

Short term provisions for Compensated absences and taxes are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on March 31, 2019 are ₹ 2.32 crore against ₹ 1.71 crore as on March 31, 2018.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2019 were ₹ 6.82 crore against ₹ 5.81 crore as on March 31, 2018. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	2019	2018
Financial liabilities		
Annual incentive payable	0.39	0.91
Long-term Provisions		
Compensated absences	6.43	4.90
Total	**6.82**	**5.81**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company based on actuarial valuation determines provision for Compensated absences.

AUDITORS' REPORT

For the Financial Statements for the year ended March 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Nucleus Software Exports Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Nucleus Software Exports Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts **See note 1.2.i (e) to the standalone financial statements**	
The key audit matter	**How the matter was addressed in our audit**
Revenue from fixed price contracts for sale of license and related customization and implementation is recognized in accordance with the percentage completion method calculated based on output method. For the year ended 31 March 2019, revenue amounting to ₹ 39,676 lacs has been recognized respectively from the sale of software products and rendering of services to the customers. The revenue on fixed price contract is recognized based on the percentage of work completed which is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to large variety and complexity of activities performed, significant judgments are required to estimate percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended 31 March 2019.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Obtaining an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. We documented the controls and made assessment of the effectiveness of their design. We also performed walk through tests to assess whether the controls were operating as designed. – Involving independent IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion were derived from a system that is operating effectively. – Selecting a sample of contracts, using a mix of quantitative and qualitative criteria, and performing the following procedures for each contract selected: o inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract; o inquiring of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules; o checking project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualization of efforts for delivered projects and past data; o checking the details of the activities completed with those stated in the customer contract, details of activities completed as provided by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmation which forms the basis of percentage of completion;

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts See note 1.2.i (e) to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
	o testing the sample to underlying invoices to customer and cash receipts from customers; and o Performing ageing analysis and analytical procedures, based on revenue trends, to assess the movements in the accrual.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 2.32 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037

Noida
23 April 2019

Annexure A referred to in our Independent Auditors' Report to the members of Nucleus Software Exports Limited on the standalone financial statements for the year ended 31 March 2019.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified each year. In accordance with this programme, all the fixed assets were physically verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies observed on physical verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company is in the business of rendering services and as such does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to information and explanations given to us and based on audit procedures performed, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) As per the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Therefore, the provisions of paragraph 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise and Value added tax which have not been deposited with the appropriate authorities. The following dues of Income tax have not been deposited with the appropriate authorities on account of disputes:

Name of the statute	Nature of dues	Forum where the dispute is pending	Amount in Rs. Lacs	Year to which the amount relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	11*	AY 2015-16
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals) [CIT (Appeals)]	19*	AY 2016-17

* The amount represent the payment made under protest or adjustment against refund

(viii) In our opinion, and according to the information and explanations given to us, there are no loans or borrowing from a financial institution, bank, government or dues to debenture holders during the year. Therefore, the provisions of paragraph 3 (viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loans during the year.

(x) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the standalone financial statements, as required, by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

***For* B S R & Associates LLP**
Chartered Accountants
Firm Registration No.:
116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No.: 095037

Noida
23 April 2019

Annexure B to the Independent Auditors' report on the Standalone Financial Statements of Nucleus Software Exports Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Nucleus Software Exports Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***For* B S R & Associates LLP**
Chartered Accountants
Firm Registration No.:
116231W/W-100024

Noida
23 April 2019

Sd/-
Manish Gupta
Partner
Membership No.: 095037

BALANCE SHEET AS AT 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,039	2,932
Intangible assets	2.1	178	124
Intangible assets under development		2	-
Financial assets			
Investments	2.2	26,922	26,173
Trade receivables	2.3	-	272
Loans	2.4	7	9
Others	2.5	222	982
Deferred tax assets (net)	2.6	788	969
Income tax asset (net)	2.7	1,636	1,340
Other non-current assets	2.8	179	52
Total non-current assets		**32,973**	**32,853**
Current assets			
Financial assets			
Investments	2.9	16,384	13,196
Trade receivables	2.10	6,105	6,807
Cash and cash equivalents	2.11	1,390	1,861
Other bank balances	2.12	3,834	2,719
Loans	2.13	28	29
Others	2.14	212	29
Other current assets	2.15	2,290	1,641
Total current assets		**30,243**	**26,282**
Total assets		**63,216**	**59,135**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.16	2,904	2,904
Other equity	2.17	44,109	39,080
Total equity		**47,013**	**41,984**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.18	39	91
Provisions	2.19	643	490
Total non-current liabilities		**682**	**581**
Current liabilities			
Financial liabilities			
Trade payables	2.20		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,026	5,104
Other financial liabilities	2.21	4,112	25
Provisions	2.22	180	171
Income tax liabilities (net)	2.23	52	-
Other current liabilities	2.24	10,151	11,270
Total current liabilities		**15,521**	**16,570**
Total equity and liabilities		**63,216**	**59,135**
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
23 April 2019

Noida
23 April 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

		Note Ref.	For the year ended 31 March 2019	For the year ended 31 March 2018
1.	**REVENUE FROM OPERATIONS**			
	Income from software product and services	2.25	39,676	33,732
2.	**OTHER INCOME**	2.26	4,029	4,177
3.	**TOTAL INCOME (1+2)**		**43,705**	**37,909**
4.	**EXPENSES**			
	a. Employee benefits expense	2.27	24,695	21,629
	b. Operating and other expenses	2.28	8,927	7,833
	c. Finance cost	2.29	30	32
	d. Depreciation and amortisation expense	2.1	701	647
	TOTAL EXPENSES		**34,353**	**30,141**
5.	**PROFIT BEFORE TAX (3-4)**		**9,352**	**7,768**
6.	**INCOME TAX EXPENSE**			
	a. Net current tax expense		1,969	1,197
	b. Deferred tax (credit) /charge	2.6	(180)	11
	NET TAX EXPENSE		**1,789**	**1,208**
7.	**PROFIT FOR THE YEAR (5-6)**		**7,563**	**6,560**
8.	**OTHER COMPREHENSIVE INCOME / (LOSS)**			
(A)	(i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans		(125)	41
	b) Equity instruments through other comprehensive income		6	(196)
	(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		(6)	6
(B)	(i) Items that will be reclassified subsequently to profit or loss			
	a) Effective portion of gains and loss on hedging instruments in a cash flow hedge		163	(133)
	(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(57)	(1)
	TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		**(19)**	**(283)**
9.	**TOTAL COMPREHENSIVE INCOME (7+8)**		**7,544**	**6,277**
	Profit attributable to:			
	Owners of the Company		7,563	6,560
	Other comprehensive income attributable to:			
	Owners of the Company		(19)	(283)
	Total comprehensive income attributable to:			
	Owners of the Company		7,544	6,277
10.	**EARNINGS PER EQUITY SHARE**	2.34		
	Equity shares of Rupees 10 each			
	a. Basic (Rs)		26.04	21.47
	b. Diluted (Rs)		26.04	21.47
	Number of shares used in computing earnings per share			
	a. Basic		29,040,724	30,561,102
	b. Diluted		29,040,724	30,561,102
See accompanying notes forming part of the financial statements		1 & 2		

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
23 April 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March, 2018
A. Cash flow from operating activities		
Net profit before tax	9,352	7,768
Adjustment for:		
Depreciation and amortisation expense	701	647
Unrealised exchange gain / loss on translation of foreign currency accounts (net)	183	14
Dividend received from current, non trade investments	(678)	(777)
Dividend received from non-current, non trade investment	(58)	(125)
Dividend received from subsidiary companies	(1,400)	(1,389)
Interest income on financial assets- carried at amortised cost	(1,670)	(1,695)
MTM (gain) / loss on mutual funds	(355)	(39)
Net gain / (loss) on sale of investments	(9)	-
Profit on sale of fixed assets (net)	(32)	4
Provision for doubtful debts/advances/other current assets	38	42
Fair value change of preference shares of subsidiary at FVTPL	250	-
Discounting of staff loan and security deposit	(11)	-
Provision for impairment of investment	601	-
Operating profit before working capital changes	**6,912**	**4,450**
Adjustment for (increase) / decrease in operating assets		
Trade receivables	868	(978)
Loans	3	8
Other assets	(1,133)	(659)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(4,035)	2,211
Provisions	163	58
Other liabilities	2,902	3,271
	5,680	8,361
Income taxes paid (net)	(1,915)	(1,569)
Net cash from operating activities (A)	**3,765**	**6,792**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment, intangible assets including intangible assets under development	(862)	(707)
Proceeds from sale of property, plant and equipment	36	-
Payments to acquire mutual funds, tax free bonds and preference shares	(30,928)	(36,870)
Proceeds from sale of mutual funds, tax free bonds and preference shares	27,943	43,327
Investment in subsidiary	(293)	(30)
Net gain / (loss) on sale of investments	9	-
Bank balance not considered as cash and cash equivalents - placed	(2,805)	(2,481)
Bank balance not considered as cash and cash equivalents - matured	2,585	1,287
Interest on fixed deposits and others received	1,161	1,458
Dividend from subsidiary company	1,400	1,389
Net cash (used in)/ from investing activities (B)	**(1,754)**	**7,373**
C. Cash flow from financing activities		
Dividend paid (including corporate dividend tax)	(2,516)	(1,669)
Buyback of equity shares	-	(11,701)
Net cash used in financing activities (C)	**(2,516)**	**(13,370)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(505)**	**795**
Opening cash and cash equivalents	1,861	1,094
Exchange difference on translation of foreign currency bank accounts	34	(28)
Closing cash and cash equivalents	1,390	1,861
Supplementary information		
Restricted cash	42	42

Notes:

i. Figures in brackets indicate cash outflow.

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

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024
Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
SIDDHARTHA MAHAVIR ACHARYA	**VISHNU R DUSAD**	**RAVI PRATAP SINGH**
Chairman	*Managing Director*	*CEO & Whole-time Director*
Sd/-	Sd/-	
ASHISH NANDA	**POONAM BHASIN**	
Chief Financial Officer	*AVP (Secretarial) & Company Secretary*	

Noida
23 April 2019

STATEMENT OF CHANGES IN EQUITY

A. Equity share Capital

(Amount in ₹ Lacs unless otherwise stated)

Balance as of 1 April 2018	Changes in equity share capital during the year	Balance as on 31 March 2019
2,904	**-**	**2,904**
Balance as of 1 April 2017	**Changes in equity share capital during the year**	**Balance as on 31 March 2018**
3,239	**(335) ***	**2,904**

*(Change in equity share capital rounded off to Rs 335 lacs hence this is not equivalent to addition to capital redumption reserve of Rs 334 lacs)

B. Other Equity

	Reserves and Surplus					Items of OCI			Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	Remeasurements of the defined benefit plans	
Balance as of 1 April 2018	**89**	**-**	**334**	**-**	**37,827**	**2**	**839**	**(11)**	**39,080**
Profit for the year	-	-	-	-	7,563	-	-	-	7,563
Dividend on equity shares	-	-	-	-	(2,323)	-	-	-	(2,323)
Corporate dividend tax	-	-	-	-	(192)	-	-	-	(192)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	106	-	-	106
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	6	-	6
Remeasurements of the defined benefit plans (net of tax)	-	-	-	-	-	-	-	(131)	(131)
Balance as of 31 March 2019	**89**	**-**	**334**	**-**	**42,875**	**108**	**845**	**(142)**	**44,109**

STATEMENT OF CHANGES IN EQUITY

	Reserves and Surplus					Items of OCI			Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	Remeasurements of the defined benefit plans	
Balance as of 1 April 2017	**89**	**219**	-	**8,227**	**36,189**	**136**	**1,035**	**(58)**	**45,837**
Profit for the year	-	-	-	-	6,560	-	-	-	6,560
Dividend on equity shares	-	-	-	-	(1,619)	-	-	-	(1,619)
Corporate dividend tax	-	-	-	-	(49)	-	-	-	(49)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	(134)	-	-	(134)
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	(196)	-	(196)
Remeasurements of the defined benefit plans (net of tax)	-	-	-	-	-	-	-	47	47
Addition for buy-back of equity shares (see note 2.17)	-	-	334	-	-	-	-	-	334
Ùtilised for buy back of equity shares (see note 2.17)	-	(219)	-	(8,227)	(3,254)	-	-	-	(11,700)
Balance as of 31 March 2018	**89**	**-**	**334**	**(0)**	**37,827**	**2**	**839**	**(11)**	**39,080**
See accompanying notes forming part of the financial statements		1 & 2							

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Noida
23 April 2019

Notes forming part of the financial statements

Note 1:

1.1 Company overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January, 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 31 March 2019 the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

The Company has wholly owned subsidiaries in India, Singapore, USA, Japan, Netherlands, South Africa and Australia. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

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 23 April 2019.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company`s functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, amounts below INR 50,000 have been rounded off to '-' in the financial statements while rounding off to the nearest lacs unless otherwise indicated.

c) Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

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

All other liabilities are classified as non-current.

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

Operating cycle

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

d) Basis of measurement

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

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

e) Use of estimates and judgements

In preparing these 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.

Notes forming part of the financial statements

Judgements

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 2.31
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15

Assumptions and estimation uncertainties

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

- Estimation of deferred tax expense and payable – Note 2.6
- Estimated useful life of property, plant and equipment and Intangible assets – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligations-– Note 2.39
- Impairment of trade receivables- Note 2.3 and Note 2.10
- Impairment loss on preference shares carried at amortised cost- Note 2.2
- Estimation of fair value of preference shares in subsidiary- Note 2.2

f) 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. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

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

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

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

When measuring the fair value of an asset or a liability, the 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

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

- Effective 1 April, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the financial statements of the Company.
- 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 year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.
- Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.
- Revenue from time and material contracts is recognised as the services are rendered.
- Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross basis as the Company is acting as the principal.

Notes forming part of the financial statements

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

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

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

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

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

iii. Other income

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

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

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

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

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

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

iv. Property, plant and equipment

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

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

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

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

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

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

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

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

v. Intangible assets

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

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

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

vi. Financial instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

Notes forming part of the financial statements

(e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) **Derecognition**

Financial assets

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

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

Financial liabilities

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

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

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance

Notes forming part of the financial statements

sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheet and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of the derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedge transaction occurs and are then recognized in the statements of income along with underline hedge items and disclosed as part of total net revenues. Changes in the fair value of the derivatives not designated as hedging instruments and the ineffective portion of the derivatives designated as cash flows hedges are recognized in statement of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

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

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

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

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

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

vii. Impairment

a) **Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

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

The Company measures loss allowances at an amount equal to lifetime expected credit losses,

Notes forming part of the financial statements

except for the following, which are measured as 12 month expected credit losses:

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since

initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

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

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

that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

viii. Provisions (other than for employee benefits)

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

Post sales client support and warranties

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

Onerous contracts

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

ix. Foreign currency

a) **Foreign currency transactions**

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

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

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

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

During the year ended 31 March 2019, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

b) **Foreign operations**

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

x. **Earnings per share**

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

xi. **Taxation**

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

a) *Current tax*

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

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

b) *Deferred tax*

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

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

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

Notes forming part of the financial statements

the related tax benefit will be realized.

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

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

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

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

xii. **Employee benefits**

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

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

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

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

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Employee stock option based compensation

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

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

xiii. Cash Flow Statement

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

xiv. Leases

a. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

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

b. **Lease payments**

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

xv. **Research and development**

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

xvi. **Recent accounting pronouncements**

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from 1 April 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease.

On preliminary assessment, for leases other than short-term leases and leases of low value assets, the Company will recognise a right-of-use asset of Rs 434 lakhs and a corresponding lease liability of Rs 456 lakhs with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

2 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

2.1 Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2018	Additions	Deductions / adjustments	As at 31 March 2019	As at 1 April 2018	Depreciation for the period	Deductions / adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Tangible assets										
Freehold land	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Leasehold land	560	-	-	560	16	8	-	24	536	544
	(560)	-	-	(560)	(8)	(8)	-	(16)	(544)	(552)
Buildings	1,627	27	-	1,654	177	97	-	274	1,380	1,450
	(1,602)	(25)	-	(1,627)	(86)	(91)	-	(177)	(1,450)	(1,516)
Plant and equipment	189	17	-	206	140	17	-	157	49	49
	(162)	(27)	-	(189)	(116)	(24)	-	(140)	(49)	(47)
Office equipment	75	42	-	117	29	17	-	46	71	46
	(62)	(13)	-	(75)	(13)	(16)	-	(29)	(46)	(49)
Computer equipment	1,242	414	7	1,649	675	334	5	1,004	645	567
	(810)	(432)	-	(1,242)	(371)	(304)	-	(675)	(567)	(439)
Vehicles	247	93	13	327	85	64	12	137	190	162
	(212)	(84)	(49)	(247)	(53)	(57)	(25)	(85)	(162)	(159)
Furniture and fixtures	92	86	-	178	12	32	-	44	134	80
	(4)	(88)	-	(92)	(2)	(10)	-	(12)	(80)	(2)
	4,066	**679**	**20**	**4,725**	**1,134**	**569**	**17**	**1,686**	**3,039**	**2,932**
	(3,446)	(669)	(49)	(4,066)	(649)	(510)	(25)	(1,134)	(2,932)	(2,798)
Intangible assets										
Software	638	186	1	823	514	132	1	645	178	124
	(559)	(79)	-	(638)	(377)	(137)	-	(514)	(124)	(182)
Total	**4,704**	**865**	**21**	**5,548**	**1,648**	**701**	**18**	**2,331**	**3,217**	**3,056**
	(4,005)	(748)	(49)	(4,704)	(1,026)	(647)	(25)	(1,648)	(3,056)	(2,980)

Note:

(i) Figures in bracket pertains to previous year ended 31 March 2018/ 31 March 2017.

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

		Particulars	As at 31 March 2019	As at 31 March 2018
2.2	A.	**NON-CURRENT INVESTMENTS**		
		Investments in equity shares of subsidiaries (unquoted)		
		Equity shares at cost		
	a.	625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore	163	163
	b.	1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA	163	163
		Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(163)	(163)
	c.	200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	41	41
	d.	1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100	100
	e.	7,500 (7,500) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands	489	489
		Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	(489)	(489)
	f.	10,000,000 (10,000,000) equity shares of ₹ 10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	1,194	1,194
	g.	100,000 (100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
	h.	10 (10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	32	32
	i.	11,110 (10,666) equity shares of Rs 10 each, fully paid up in Avon Mobility Solutions Private Limited [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	350	192
			1,935	**1,777**
		Investment in equity instruments (Quoted)		
		Equity shares at FVOCI		
		250,000 (250,000) equity shares of ₹ 10 each, fully paid up, in Ujjivan Financial Services Limited	**870**	**864**
		Investments in preference shares of subsidiaries (unquoted)		
		Preference shares at Fair value through profit or loss (FVTPL)		
		4,000,000 (2,650,000) 11% Preference shares of ₹ 10 each fully paid up in Avon Mobility Solutions Private Limited.	**150**	**265**
		Investment in Preference Shares (quoted)		
		Preference shares at Amortised cost		
	a.	8.15% L&T Finance Holding Ltd.(Preference Shares - 2020)	1,393	1,395
	b.	16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	541
		Less: Provision for impairment of investment	(501)	-
	c.	17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	100
		Less: Provision for impairment of investment	(100)	
	d.	8.33% Tata Capital Ltd (Preference Shares - 2022)	116	116
	e.	7.50% Tata Capital (Preference Shares - 2020)	1,500	1,500
	f.	8.33% Tata Capital (Preference Shares - 2021)	-	504
		Investment in Preference Shares (unquoted)		
		Preference shares at Fair value through profit or loss (FVTPL)		
	a.	8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	556	-
	b.	10% Tata Motors Finance Ltd (CCPS - 2025)	2,129	-

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars		As at 31 March 2019	As at 31 March 2018
Investment in Preference Shares (unquoted)			
Preference shares at Amortised cost			
a.	8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	-	534
Investment in bonds (quoted)			
Bonds securities at Amortised cost			
a.	7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	977	965
b.	8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	539	540
c.	8.09% Power Finance Corporation Tax Free Bonds 2021	477	480
d.	7.51% Power Finance Corporation Tax Free Bonds 2021	519	519
e.	8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,114	2,126
f.	8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,031
g.	7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
h.	7.21% India Infrastructure Finance Company Limited Tax Free Bonds 2022	-	516
i.	7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	309	310
j.	8.20% Power Finance Corporation Tax Free Bonds 2022	64	64
k.	7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
l.	7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
m.	7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds2031	142	142
n.	8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	108	109
o.	7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
p.	7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
q.	7.21% Power Finance Corporation Tax Free Bonds 2022	514	515
r.	7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	122	122
s.	7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
t.	8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	553	562
u.	8.51 Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds2024	557	-
Investment in mutual funds (quoted)			
Fixed maturity plan at Amortised cost			
a.	HDFC FMP 1169D February 2017 (1)	579	541
b.	HDFC FMP 1150D February 2017 (1)	347	324
c.	Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	560	524
d.	ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,120	1,046
e.	ICICI Prudential FMP - Series 82 - 1225 Days Plan B	546	509
f.	UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	546	509
g.	Reliance Fixed Horizon Fund XXXV (1227 days) -series 12	540	504
h.	Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	546	509
i.	ICICI Prudential FMP - Series 82 - 1203 Days Plan K	542	504
j.	Reliance Fixed Horizon Fund XXXVI - Series 6	540	503
k.	UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	539	501
Investment in mutual funds (Unquoted)			
Mutual funds at Fair value through profit or loss (FVTPL)			
a.	Axis ST Direct- Weekly Dividend	-	656
b.	UTI ST Income-IP-Monthly Dividend	-	314
c.	HDFC Corporate Bond Fund - Growth-Direct	261	248
d.	DSP BlackRock Banking & PSU Debt Fund - Growth- Direct	547	507

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars		As at 31 March 2019	As at 31 March 2018
e.	ICICI Prudential Income Opportunities Fund - Growth- Direct	540	506
f.	IDFC Corporate Bond Fund - Growth- Direct	688	641
g.	L&T Short Term Opportunities Fund - Growth- Direct	550	509
h.	Reliance FRF - ST - Growth- Direct	544	508
		23,967	23,267
Aggregate amount of non-current investments		**26,922**	**26,173**
Aggregate book value of quoted investments		19,021	19,708
Aggregate market value of quoted investments		19,651	20,055
Aggregate value of unquoted investments		7,901	5,931
Aggregate amount of impairment in value of quoted investments		601	-
Aggregate amount of impairment in value of unquoted investments		652	652

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

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

	Fair value as at 31 March 2019	Dividend income recognised during the year ended 31 March 2019	Fair value as at 31 March 2018
Investment in Ujjivan Financial Services Limited	870	1	864

No strategic investments were disposed off during year ended 31 March 2019 as well in the previous year ended 31 March 2018 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Amount in ₹ Lacs unless otherwise stated)

	Particulars		As at 31 March 2019	As at 31 March 2018
2.3	**NON - CURRENT TRADE RECEIVABLES**			
	(Unsecured)			
	a.	Trade receivable Considered good	-	272
			-	**272**
2.4	**LONG-TERM LOANS**			
	(Unsecured considered good unless otherwise stated)			
	a.	Loans and advances to employees		
		Loans Receivables considered good - Unsecured	7	9
	b.	Loan to subsidiary credit impaired	732	732
			739	741
		Less: Loss allowance for loan to subsidiary	(732)	(732)
			7	**9**
2.5	**OTHER NON-CURRENT FINANCIAL ASSETS**			
	(Unsecured considered good unless otherwise stated)			
	a.	Security deposits	203	132
	b.	Long-term bank deposits	19	850
			222	**982**

Note:

[Long term bank deposits include deposits held with bank for maturity more than 12 months from balance sheet date ₹ 19 Lacs (31 March 2018 ₹ 17 lacs) under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.]

Notes forming part of the financial statements

2.6 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax	1,969	1,197
Deferred tax	(180)	11
Net tax expense	**1,789**	**1,208**

B. Income tax recognised in other comprehensive income

	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(125)	(6)	(131)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	163	(57)	106
Income tax recognised in other comprehensive income	**38**	**(63)**	**(25)**

C. Reconciliation of effective tax rate

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

Particulars	Percentage	For the year ended 31 March 2019	Percentage	For the year ended 31 March 2018
Profit before tax		**9,352**		**7,768**
Domestic tax rate	35%	3,268	35%	2,688
Effect of exempt non-operating income and deduction	-8%	(792)	-11%	(878)
Effect of non- deductible expenses	3%	312	1%	68
Additional deduction on research and development expenses	-5%	(495)	-6%	(459)
Taxes on income at different rates	-4%	(304)	-4%	(263)
Tax pertaining to Branch tax and others	-2%	(200)	1%	52
Effective tax	**19%**	**1,789**	**16%**	**1,208**

D. Movement in temporary differences

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Balance as at 1 April 2018	Recognised [(Credited)/ Charge] in profit or loss during the year ended 31 March 2019	Recognised [(Credited)/ Charge] in OCI during the year ended 31 March 2019	MAT utilisation during the year	Balance as at 31 March 2019
(i)	**Deferred tax assets**					
	Provisions- compensated absences, gratuity and other employee benefits	384	(276)	6	-	654
	Provision for doubtful trade receivables / Loans and service income accrued but not due	409	(12)	-	-	421
	MAT credit entitlement	305	7	-	(298)	-
	Trade receivables, security deposit and loans at amortised cost	48	17			31
	Investment in preference shares		-			-
		1,146	**(264)**	**6**	**(298)**	**1,106**

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Balance as at 1 April 2018	Recognised [(Credited)/ Charge] in profit or loss during the year ended 31 March 2019	Recognised [(Credited)/ Charge] in OCI during the year ended 31 March 2019	MAT utilisation during the year	Balance as at 31 March 2019
(ii)	**Deferred tax liabilities**					
	Property, plant and equipment	93	(1)	-	-	92
	Forward contracts	1	-	(57)	-	58
	Investments	83	85	-	-	168
		177	**84**	**(57)**	**-**	**318**
	Net deferred tax asset	**969**	**(180)**	**(51)**	**(298)**	**788**

2.7	**INCOME TAX ASSETS (NET)**			
	a.	Advance income tax [net of provision of ₹ 2,121 lacs (previous year ₹ 2,933 lacs)]	1,636	1,340
			1,636	1,340
2.8	**OTHER NON- CURRENT ASSETS**			
		(Unsecured considered good unless otherwise stated)		
	a.	Employee advances	38	38
	b.	Capital advances	-	21
		Less : Provision for doubtful advances	-	(14)
			-	7
	c.	Prepaid expenses	5	1
	d.	Advance payment to gratuity trust (see note 2.39)	106	-
	e.	Deferred rent	30	6
			179	**52**

2.9 Current investments

Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2019	As at 31 March 2018
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	838	540
Baroda Pioneer Treasury Advantage Fund - Plan B - Daily Dividend Reinvestment	-	1,672
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	880	832
Aditya Birla Sunlife Floating Rate-Long Term-Direct Plan - Daily Dividend Reinvestment	-	84
Aditya Birla Sun Life Savings Fund - Direct Plan - Daily Dividend Reinvestment	-	129
Aditya Birla Sun Life Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	611
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	1,754	1,027
HDFC Floating Rate Income Fund - Short term Plan- Wholesale Option - Direct-DDR	-	363
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	263	28
ICICI Prudential Flexible Income Plan - Direct Plan - Daily Dividend Reinvestment	-	36
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	711	670
Invesco India Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	169

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2019	As at 31 March 2018
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	3,276	3,095
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	708	562
Reliance Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	1,164	1,095
Reliance Medium Term Fund-Direct Plan Daily Dividend Plan	-	1
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	546	-
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	454	-
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	786	-
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	643	-
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	667	-
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	630	-
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	753	-
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	477	-
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	617	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	886	-
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	331	-
- Fixed Maturity Plans/Interval Plans (quoted)		
Fixed maturity plan at Amortised cost		
HDFC FMP 1128D March 2015(1) Direct Growth	-	637
ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	-	636
Investment in Preference Shares (quoted)		
Preference shares at Amortised cost		
9% L&T Finance Holdings Limited -Preference Shares 2018	-	1,009
Aggregate amount of investment	**16,384**	**13,196**
Aggregate book value of quoted investments	-	2,282
Aggregate market value of quoted investments	-	2,277
Aggregate value of unquoted investments	16,384	10,914

2.10 CURRENT TRADE RECEIVABLES

(Amount in ₹ Lacs unless otherwise stated)

	Name	As at 31 March 2019	As at 31 March 2018
a.	TRADE RECEIVABLES		
	Considered good - Unsecured	5,891	6,613
	Credit impaired	247	228
		6,138	6,841
	Less: Allowances for doubtful trade receivables	(247)	(228)
		5,891	6,613
b.	Due from subsidiaries - considered good (see note 2.35)	214	194
	Total	**6,105**	**6,807**

2.11 CASH AND CASH EQUIVALENTS

a.	Cash on hand	1	1
b.	Remittance in transit	-	86
c.	Balances with scheduled banks:		
	- in current accounts	110	50
	- in EEFC accounts	1,108	1,291

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Name		As at 31 March 2019	As at 31 March 2018
	d.	Balance with non scheduled banks in current accounts:		
		- Citibank, United Kingdom	8	16
		- Citibank, United Arab Emirates	29	17
		- Citibank, USA	21	30
	e.	Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	113	370
		Total	**1,390**	**1,861**
2.12	**OTHER BANK BALANCES**			
	a.	Balances with scheduled banks in earmarked accounts:		
		- unclaimed dividend accounts	40	24
	b.	Balances with scheduled banks in deposit accounts		
		- Maturity with in 12 months of the reporting date	3,794	2,695
		Total	**3,834**	**2,719**

Note:

[Balance with scheduled banks in deposit accounts include Rs 42 lacs (31 March 2018 Rs 42 lacs) which are under lien and restricted from being settled with in 12 months from the balance sheet date.]

			As at 31 March 2019	As at 31 March 2018
2.13	**SHORT-TERM LOANS**			
		Loans and advances to employees		
	a.	Loans Receivables considered good - Unsecured	28	29
			28	**29**
2.14	**OTHER CURRENT FINANCIAL ASSETS**			
	(Unsecured considered good unless otherwise stated)			
	a.	Security deposit	4	-
	b.	Mark-to-market gain on forward contracts	167	3
	c.	Expenses recoverable from customers	41	26
			212	**29**
2.15	**OTHER CURRENT ASSETS**			
	(Unsecured considered good unless otherwise stated)			
	a.	Service income accrued but not due		
		Considered good	1,406	922
		Credit impaired	218	214
			1,624	1,136
		Less : Provision for service income accrued but not due	(218)	(214)
			1,406	922
	b.	Employee advances	54	37
	c.	Prepaid expenses	317	340
	d.	Contract cost	70	-
	e.	Balances with government authorities		
		-GST/ VAT credit receivable	8	33
		- Interest on income tax refund	43	-
	f.	Others		
		- Supplier advances	387	306
	g.	Deferred employee benefits	5	3
			2,290	**1,641**

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Name	As at 31 March 2019	As at 31 March 2018
2.16	**SHARE CAPITAL**		
	a. Authorised		
	Equity shares		
	40,000,000 (40,000,000) equity shares of ₹ 10 each	**4,000**	**4,000**
	b. Issued, Subscribed and Paid-Up		
	Issued		
	32,386,524 (32,386,524) equity shares of ₹ 10 each		
	Subscribed and Paid-Up		
	29,040,724 (29,040,724) equity shares of ₹ 10 each, fully paid up	2,904	2,904
	(Includes: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)		
		2,904	**2,904**

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

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

Particulars	Opening balance	Allotted under Employee Stock Option Plans / Extinguishment of shares under buy back (see note 2.17)	Closing balance
a. For the year ended 31 March 2019			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,407,240	-	290,407,240
b. For the year ended 31 March 2018			
- Number of shares	32,383,724	(3,343,000)	29,040,724
- Amount (In Rupees)	323,837,240	(33,430,000)	290,407,240

(ii) The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend is paid on the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	30.99%	90,00,000	30.99%
Nucleus Software Engineers Private Limited	2,385,882	8.22%	23,85,882	8.22%
Madhu Dusad	3,066,248	10.56%	30,66,248	10.56%
Vishnu R Dusad	1,603,492	5.52%	16,03,492	5.52%

(iv) **Details of forfeited shares**

Particulars	As at 31 March 2019		As at 31 March 2018	
	(Number)	(Percentage)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

(v) **Employees Stock Option Plan ("ESOP")**

a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.

Notes forming part of the financial statements

b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.

c. There are no options granted, forfeited and exercised during the year under ESOP Scheme 2015.

(Amount in ₹ Lacs unless otherwise stated)

		Particulars	As at 31 March 2019	As at 31 March 2018
2.17	**OTHER EQUITY**			
	a.	Capital reserve	89	89
	b.	Securities premium account	-	-
	c.	Capital redemption reserve	334	334
	d.	General reserve	-	-
	e.	Retained earnings	42,875	37,827
	f.	Other comprehensive income	811	830
		Total	**44,109**	**39,080**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a.	**Capital reserve**		
	Opening balance	89	89
	Closing balance	**89**	**89**
b.	**Securities premium account**		
	Opening balance	-	219
	Ùtilised for buy back of equity shares (see note 2.17)	-	(219)
	Closing balance	-	-
c.	**Capital Redemption reserve**		
	Opening Balance	334	-
	Addition during the period	-	334
	Closing balance (see note 2.17)	**334**	**334**
d.	**General reserve**		
	Opening balance	-	8,227
	Ùtilised for buy back of equity shares (see note 2.17)	-	(8,227)
	Closing balance	-	-
e.	**Retained Earnings**		
	Opening balance	37,827	36,189
	Utilised for buy back of equity shares (see note 2.17)	-	(3,254)
	Add: Profit for the year	7,563	6,560
	- Final dividend on equity shares [see note (i) below]	(2,323)	(1,619)
	-Corporate Dividend tax	(192)	(49)
	Closing balance	**42,875**	**37,827**
f.	**Other comprehensive income**		
	Equity instrument through other comprehensive income		
	Opening balance	839	1,035
	Addition / (Deletion)	6	(196)
	Closing balance	845	839
	Hedging reserve, net [see note 2.30]		
	Opening balance	2	136
	Addition / (Deletion)	106	(134)
	Closing balance	108	2

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurement of net defined benefit plans, net		
Opening balance	(11)	(58)
Addition / (Deletion)	(131)	47
Closing balance	(142)	(11)
	811	**830**
	44,109	**39,080**

Note :

(i) The Board of Directors on 23 April, 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. The payment is subject to approval of shareholders at the ensuing AGM. The final dividend paid in previous year was ₹ 8 per share.

Nature and purpose of other reserves

Capital reserve

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

Securities premium reserve

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

Capital Redemption reserve

The Board of Directors of the Company, at its meeting held on April 25, 2017 had approved a proposal to buy-back not exceeding Rs 11,779 lacs at maximum price of ₹ 350 per equity share.

The Shareholders of the Company approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of Rs.10/- each fully paid up at a price of ₹ 350/- (Rupees Three Hundred and Fifty Only) (the “Buyback Price”) payable in cash aggregating upto ₹ 11,701/-lacs (Rupees Eleven thousands Seven Hundred One lacs) through Postal Ballot on June 15, 2017 . The Company made the Public Announcement of the same which was published on June 19, 2017.

Further pursuant to Shareholders’ approval vide Postal Ballot in June 2017, the Buy Back Committee of Board of Directors on 16th June 2017 approved the Buyback of 33,43,000 of fully paid up Equity Shares of face value of ₹ 10/ each of the Company at price of ₹ 350/- per Equity share, payable in cash for an aggregate consideration not exceeding ₹ 11,701 lacs . The settlement of the Buyback was done on 8th September, 2017 and 33,43,000 Equity shares bought back were extinguished on 14th September, 2017.

Capital Redemption Reserve was created to the extent of share capital extinguished Rs 334 lacs. An amount of Rs 3,254 lacs from Retained Earnings was used to offset the excess of buy-back cost of Rs 11,701 lacs over par value of shares after adjusting the balance lying in Security Premium of Rs 219 lacs and General Reserve of Rs 8,227 lacs.

Hedging reserve

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

General reserve

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

Equity instrument through other comprehensive income

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

Remeasurement of net defined benefit plans

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

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.18	**OTHER NON- CURRENT FINANCIAL LIABILITIES**		
	a. Annual incentive payable	39	91
		39	**91**
2.19	**NON-CURRENT PROVISIONS**		
	Provision for employee benefits		
	a. Provision for compensated absences	643	490
		643	**490**
2.20	**TRADE PAYABLES**		
	a. Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	-	-
	-Total outstanding dues of creditors other than micro enterprises and small enterprises (see note below)	815	4,700
	b. Due to subsidiaries (see note 2.35)	211	404
		1,026	**5,104**

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

		As at 31 March 2019		As at 31 March 2018	
		Principal	Interest	Principal	Interest
a)	Amount due to vendor	-	-	-	-
b)	Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
c)	Interest due and payable for the period of delay in making payment	-	-	-	-
d)	Interest accrued and remaining unpaid	-	-	-	-
e)	Further interest remaining due and payable for the purpose of disallowance of a deductible expenditure under section 23	-	-	-	-
		-	-	-	-

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.21	**OTHER CURRENT FINANCIAL LIABILITIES**		
	a. Unpaid dividends	40	24
	b. Payable for purchase of Property, plant and equipment and Intangible assets	-	1
	c. Employee payable	4,072	-
		4,112	**25**
2.22	**CURRENT PROVISIONS**		
	Provision for employee benefits		
	a. Provision for compensated absences	180	171
		180	**171**
2.23	**INCOME TAX LIABILITIES**		
	a. Provision for tax [net of advance tax of ₹ 2,171 lacs (previous year ₹ Nil)]	52	-
		52	**-**

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.24	**OTHER CURRENT LIABILITIES**		
	a. Advance from customers / Advance billings	4,506	6,045
	b. Deferred revenue	5,125	4,354
	c. Other payables - statutory liabilities	520	499
	d. Payable to gratuity trust (see note 2.39)	-	372
		10,151	**11,270**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
2.25	**INCOME FROM SOFTWARE PRODUCTS AND SERVICES**		
	a. Software products and services (see note 2.38)		
	- Sale of products	37,420	31,607
	- Sale of services	2,256	2,125
		39,676	**33,732**
2.26	**OTHER INCOME**		
	a. Interest income on financial assets- carried at amortised cost :		
	- Deposits with banks	258	289
	- Tax free bonds	646	619
	- Debentures	-	33
	- Non- current trade receivable	47	67
	- Fixed maturity plan	435	331
	- Preference shares	284	423
	- Others	11	7
	b. Interest income on income tax refund	43	62
	c. Dividend income from		
	- Current, non trade investments	678	777
	- Non-current, non trade investment	58	125
	- Subsidiary companies	1,400	1,389
	d. Net gain / (loss) on sale of investments		
	- Non-current, non trade investment	9	(2)
	e. MTM gain or (loss) on	-	39
	- Current, non trade investments	11	-
	- Non-current, non trade investment	344	-
	f. - Gain / (Loss) on exchange fluctuation	(286)	9
	g. Other non-operating income		
	- Net profit on sale of property, plant and equipment	32	-
	- Rental income - subsidiary	7	-
	- Premium on Forward Contracts	37	-
	- Miscellaneous income	15	9
		4,029	**4,177**
2.27	**EMPLOYEE BENEFITS EXPENSE**		
	a. Salaries and wages	22,606	19,727
	b. Contribution to provident and other funds	1,175	996
	c. Gratuity expense (see note 2.33)	304	514
	d. Staff welfare expenses	610	392

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars		Year ended 31 March 2019	Year ended 31 March 2018
			24,695	**21,629**
2.28	**OPERATING AND OTHER EXPENSES**			
	a.	Outsourced technical service expense	888	961
	b.	Cost of software purchased for delivery to clients	189	207
	c.	Power and fuel	414	419
	d.	Rent (see note 2.31)	332	290
	e.	Repair and maintenance		
		- Buildings	55	41
		- Others	364	294
	f.	Insurance	38	41
	g.	Rates and taxes	18	99
	h.	Travel expenses		
		- Foreign	1,252	983
		- Domestic	446	357
	i.	Advertisement, business development and promotion	205	136
	j.	Legal and professional (see note 2.33)	392	436
	k.	Directors remuneration	123	116
	l.	Conveyance	165	171
	m.	Communication	171	168
	n.	Training and recruitment	287	343
	o.	Net loss on sale of fixed assets/discarded assets	-	4
	p.	Conference, exhibition and seminar	212	152
	q.	Information technology expenses	783	628
	r.	Provision for doubtful debts/advances/other current assets	38	42
	s.	Impairment loss on preference shares carried at amortised cost	601	-
	t.	Fair value change of preference shares of subsidiary at FVTPL	250	-
	u.	Commission to channel partners	195	117
	v.	Expenditure on corporate social responsibility (see note 2.42)	102	111
	w.	Sales and marketing fee	1,028	1,292
	x.	Miscellaneous expenses	379	425
			8,927	**7,833**
	Directors Remuneration includes :			
	Non Executive Directors			
	a.	Commission	85	71
	b.	Sitting fees	38	45
			123	**116**
2.29	**FINANCE COST**			
	Bank Charges		30	32
			30	**32**

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2019 are as follows:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,390	-	-	1,390	1,390			
Other bank balances (2.12)	3,834	-	-	3,834	3,834			
Investments (2.2 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	869.50	870	870	870		
Tax free bonds	8,737	-	-	8,737	9,007	9,007		
Mutual funds (other than FMPs)	-	19,514	-	19,514	19,514	19,514		
Fixed maturity plans (FMPs)	6,406	-	-	6,406	6,408	6,408		
Preference shares	3,009	2,836	-	5,844	6,201	3,365		2,836
Trade receivables (2.3 and 2.10)	6,105	-	-	6,105	6,105			
Loans (2.4 and 2.13)	35	-	-	35	35			
Other financial assets (2.5 and 2.14)	267	-	167.30	434	434			
	29,783	**22,350**	**1,037**	**53,169**	**53,798**			
Liabilities:								
Trade payables (2.20)	1,026	-	-	1,026	1,026			
Other financial liabilities (2.18 and 2.21)	4,151	-	-	4,151	4,151			
	5,177	-	-	**5,177**	**5,177**			

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,861	-	-	1,861	1,861			
Other bank balances (2.12)	2,719	-	-	2,719	2,719			
Investments (2.2 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	864	864	864	864		
Tax free bonds	8,713	-	-	8,713	9,094	9,094		
Mutual funds (other than FMPs)	-	14,803	-	14,803	14,803	14,803		
Fixed maturity plans (FMPs)	7,248	-	-	7,248	7,231	7,231		
Preference shares	5,699	265		5,964	5,948	5,683		265
Trade receivables (2.3 and 2.10)	7,080	-	-	7,080	7,080			
Loans (2.4 and 2.13)	38	-	-	38	38			
Other financial assets (2.5 and 2.14)	1,010	-	-	1,010	1,010			
	34,368	**15,068**	**864**	**50,300**	**50,648**			
Liabilities:								
Trade payables (2.20)	5,104	-	-	5,104	5,104			
Other financial liabilities (2.18 and 2.21)	116	-	-	116	116			
	5,220	-	-	**5,220**	**5,220**			

Notes forming part of the financial statements

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

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

Fair value hierarchy

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

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

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

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

a) the use of quoted market prices or dealer quotes for similar instruments.

b) for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.

c) the fair value of remaining financial instruments is determined using discounted cash flows method.

Reconciliation table : Level 3 Investments

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	265	235
Purchases	2,135	30
Reclassification from amortised cost to FVTPL	512	-
Net change in Fair Value (recognized in profit or loss)	(77)	-
	2,835	**265**

b) Financial risk management

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

- Market risk,
- Credit risk and
- Liquidity risk

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

i) Market risk

a) Currency risk

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.

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

The Company's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

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

The year end foreign currency exposures are given below :

Currency	As at 31 March 2019		As at 31 March 2018	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	47	3,237	53	3,433
EURO	1	83	1	78
MYR	20	335	11	182
SGD	1	39	-	16
JPY	217	135	184	113
ZAR	6	27	19	102
AED	2	42	6	105
CHF	-	-	-	4
GBP	7	612	5	438
AUD	-	-	-	22
Payable				
USD	4	270	93	6,044
EUR	-	2	2	132
MYR	-	4	9	156
GBP	-	10	1	104
SGD	1	63	4	187
CHF	-	-	-	7
AED	4	68	2	41
ZAR	-	-	63	349
JPY	-	0	159	98
AUD	2	90	7	358
SAR	-	2	-	4

For the year ended 31 March 2019 and 31 March 2018 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by ₹ 400 lacs and ₹ 299 lacs respectively.

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

b) Price risk

(i) Exposure

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

Notes forming part of the financial statements

(ii) Sensitivity

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

	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Increase 2%				
Mutual funds	390	296	-	-
Equity instruments (other than subsidiaries)	-	-	17	17
Decrease 2%				
Mutual funds	(390)	(296)	-	-
Equity instruments (other than subsidiaries)		-	(17)	(17)

Derivative financial instruments

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

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

Forward contracts

Forward contract outstanding	Buy/Sell	As at	Equivalent amount in Rupees in lacs	As at	Equivalent amount in Rupees in lacs
		31 March 2019	31 March 2019	31 March 2018	31 March 2018
In USD (Amount in USD lacs)	Sell	64	4,392	65	4,204

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

Particulars	As at		As at	
	31 March 2019 Amount in USD in lacs	31 March 2019 Equivalent amount in Rupees in lacs	31 March 2018 Amount in USD in lacs	31 March 2018 Equivalent amount in Rupees in lacs
Not later than one month	12	795	14	913
Later than one month and not later than three months	24	1,625	21	1,336
Later than three months and not later than one year	29	1,971	30	1,955

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

The following table provides the reconciliation of cash flow hedge reserve for the year ended :

Particulars	As at '31 March 2019	As at '31 March 2018
Balance at the beginning of the year	2	136
Gain / (Loss) recognised in other comprehensive income during the year, net of taxes	106	(134)
Balance at the end of the period	108	2

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

Notes forming part of the financial statements

Effects of hedge accounting on financial perfromance

Cash flow hedge- Foreign exchange risk

	As at 31 March 2019	As at '31 March 2018
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	163	(133)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	(212)	254

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

Particulars	As at 31 March 2019	As at 31 March 2018
Gross amount of recognized financial asset/ (financial liabilities)	167	3
Net amount presented in balance sheet	167	3

ii) Credit risk

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

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

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

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 6,105 lacs and ₹ 7,080 lacs as of 31 March 2019 and 31 March 2018 respectively and unbilled revenue amounting to ₹ 1,406 lacs and ₹ 922 lacs as of 31 March 2019 and 31 March 2018, respectively. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers.

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	(in %)	**(in %)**
Revenue from top customer	13%	13%
Revenue from top five customers	29%	30%

Notes forming part of the financial statements

Credit risk exposure

The lifetime expected credit loss on customer balances for the year ended 31 March 2019 is ₹ 22 lacs and reversal for the year ended 31 March 2018 was ₹ 37 lacs.

	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning	228	343
Impairment loss recognised/(reversed)	22	(37)
Amounts written off	(3)	(78)
Balance at the end	247	228

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

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

As at 31 March 2019 *(Amount in ₹ Lacs unless otherwise stated)*

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	18,152	0%	-	18,152
		Loans to employee	7	0%	-	7
		Security deposits	203	0%	-	203
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Loans to subsidiaries	732	100%	(732)	-
		Investment at amortised cost	601	100%	(601)	-

As at 31 March 2018

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	19,378	0%	-	19,378
		Loans to employee	9	0%	-	9
		Security deposits	132	0%	-	132
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Loans to subsidiaries	732	100%	(732)	-

Notes forming part of the financial statements

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	3,782	1,606	232	155	38	539	6,352
Expected credit losses (Loss allowance provision)	-	-	-	-	27	219	247
Carrying amount of trade receivables (net of impairment)	3,782	1,606	232	155	11	320	6,105

As at 31 March 2018

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	4,651	1,440	380	129	276	431	7,307
Expected credit losses (Loss allowance provision)					27	201	228
Carrying amount of trade receivables (net of impairment)	4,651	1,440	380	129	249	230	7,080

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

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	902	219	192	94	218	1,624
Expected credit losses (Loss allowance provision)	-	-	-	-	218	218
Carrying amount of trade receivables (net of impairment)	902	219	192	94	-	1,406

As at 31 March 2018

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	652	96	101	74	214	1,136
Expected credit losses (Loss allowance provision)	-	-	-	-	214	214
Carrying amount of trade receivables (net of impairment)	652	96	101	74	-	922

iii) Liquidity risk

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

As of 31 March 2019, the Company had a working capital of ₹ 14,722 lacs including cash and cash equivalent of ₹ 1,390 lacs and current investment of ₹ 16,384 lacs (31 March 2018 ₹ 9,712 lacs including cash and cash equivalents of Rs 1,861 lacs and current investments of ₹ 13,196 lacs).

Notes forming part of the financial statements

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,026	-	1,026
Other financial liabilities	4,112	39	4,151

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

Particulars	Less than 1 year	1-2 years	Total
Trade payables	5,104	-	5,104
Other financial liabilities	25	91	116

c) Capital Management

The Company's objectives when managing capital are to:

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

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

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

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March 2019	As at 31 March 2018
Total Liabilities	16,203	17,151
Less: Cash and cash equivalents	1,390	1,861
Adjusted debt	**14,813**	**15,290**
Total equity	**47,013**	**41,984**
Adjusted net debt to equity ratio	**0.32**	**0.36**

(i) Risk management

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

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

(ii) Dividends

Particulars	31 March 2019	31 March 2018
(i) Equity Shares		
Final dividend for the year ended 31 March 2018 of ₹ 8 Per share fully paid up (31 March 2017 of ₹ 5 Per share fully paid up)	2,323	1,619
(ii Dividends not recognised at the end of reporting year	2,614	2,323
The Board of Directors on April 23, 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended March 31, 2019. The payment is subject to approval of shareholders at the ensuing AGM. The final dividend paid in previous year was ₹ 8 per share.		

Notes forming part of the financial statements

2.31 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the year ended 31 March 2019 is ₹ 332 lacs (previous year ₹ 290 lacs) . The future minimum lease payments in respect of non-cancellable lease is as follows:

Particulars		As at 31March 2019	As at 31 March 2018
Lease Obligations Payable			
a	Not later than 1 year	145	-
b	Later than 1 year but not later than 5 years	330	-
c	More than 5 year	-	-
		475	**-**

2.32 Contingent liabilities and Commitments (to the extent not provided for)

(Amount in ₹ Lacs unless otherwise stated)

Particulars		As at 31 March 2019	As at 31 March 2018
a.	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts	-	69
b.	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).	93	30
c.	**Other Commitments**		
(i)	The Company is committed to provide financial support to its subsidiary companies, as and when required.		
(ii)	The Company does not have any pending litigation which would impact its financial position.		
(iii)	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.		

(Amount in ₹ Lacs unless otherwise stated)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
2.33 Auditors remuneration (excluding taxes)			
a.	As auditors - statutory audit, including quarterly audits	52	47
b.	For other services	18	5
c.	Reimbursement of expenses	6	5
		76	**57**

2.34 Earnings per share

(Amount in ₹ Lacs unless otherwise stated)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
a.	Profit after taxation available to equity shareholders (Rupees)	7,563	6,560
b.	Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	29,040,724	30,561,102
c.	Effect of dilutive issue of shares	-	-
d.	Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	29,040,724	30,561,102
e.	Basic earnings per share (Rupees)	26.04	21.47
f.	Diluted earnings per share (Rupees)	26.04	21.47

Notes forming part of the financial statements

2.35 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

a. Subsidiary Companies

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software Netherlands B.V., Netherlands
- VirStra i-Technology Services Limited, India
- Nucleus Software Limited, India
- Nucleus Software Australia Pty. Ltd., Australia
- Nucleus Software South Africa Pty. Limited, South Africa
- Avon Mobility Solutions Private Limited

b. Other related parties:

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Ashish Nanda (Chief Financial officer)
- Poonam Bhasin (Company Secretary)
- Nucleus Software Foundation (see note 2.42)
- Avon Solutions & Logistics Pvt Ltd

2.35 RELATED PARTY TRANSACTIONS

Transactions with related parties

(Amount in ₹ Lacs unless otherwise stated

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a. Software development services and products		
- Nucleus Software Japan Kabushiki Kaisha, Japan	375	586
- Nucleus Software Solutions Pte Ltd, Singapore	938	957
- Nucleus Software Inc., USA	-	15
- Nucleus Software Netherlands B.V., Netherlands	-	1
	1,313	**1,559**
b. Other income		
Dividend income		
- VirStra i -Technology Services Limited, India	400	500
- Nucleus Software Japan Kabushiki Kaisha, Japan	369	-
- Nucleus Software Solutions Pte Ltd, Singapore	631	437
- Nucleus Software Inc., USA	-	452
	1,400	**1,389**
c. Other income		
Rental Income		
- Avon Mobility Solutions Private Limited, India	7	-

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
2.35	**RELATED PARTY TRANSACTIONS (CONT'D)**		
	Transactions with related parties		
	a. Salary and other benefits to Key managerial personnel		
	Short-term employee benefits	489	370
	Contribution to provident and other funds	22	20
		511	**390**
	b. Cost of software purchased for delivery to clients		
	- Nucleus Software Solutions Pte Ltd, Singapore	28	26
	c. Outsourced technical service expense		
	- VirStra i-Technology Services Limited, India	31	-
	- Avon Mobility Solutions Private Limited, India	10	-
	- Nucleus Software Australia Pty Ltd.	357	329
		398	**329**
	d. Expenditure on Corporate Social Responsibility		
	Nucleus Software Foundation (see note 2.42)	102	111
	e. Lease rent paid		
	- Nucleus Software Limited, India	82	109
	f. Reimbursement of expenses from		
	- Nucleus Software Solutions Pte Ltd, Singapore	18	22
	- Nucleus Software Japan Kabushiki Kaisha, Japan	569	534
	- Nucleus Software Inc., USA	3	2
	- Nucleus Software Netherlands B.V., Netherlands	1	1
	- VirStra i-Technology Services Limited, India	1	1
	- Avon Mobility Solutions Private Limited, India	2	-
	- Nucleus Software Australia Pty Ltd., Australia	-	3
		594	**563**
	g. Reimbursement of expenses to		
	- Nucleus Software Solutions Pte Ltd, Singapore	1	-
	- Nucleus Software Limited, India	9	-
		10	**-**
	h. Sales & marketing fee		
	- Nucleus Software Japan Kabushiki Kaisha, Japan	227	391
	- Nucleus Software Solutions Pte Ltd, Singapore	511	691
	- Nucleus Software Inc., USA	155	-
	- Nucleus Software Australia Pty Ltd.	135	122
	- Nucleus Software South Africa Pty Ltd	-	89
		1,028	**1,293**
	i. Communication Expenses		
	- Avon Solutions & Logistics Pvt Ltd	24	23
	j. Investment in Preference Shares		
	- Avon Mobility Solutions Private Limited	135	30
	k. Salary to Ms Kritika Dusad (Relative of Key Managerial personnel)	11	25
	l. Investment with Subsidiary		
	- Avon Mobility Solutions Private Limited	158	-
	m Fair value change of preference shares of subsidiary at FVTPL		
	- Avon Mobility Solutions Private Limited, India	250	-

Notes forming part of the financial statements

2.35 RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances as at year end

(Amount in ₹ Lacs unless otherwise stated)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
a.	**Trade receivables**		
	- Nucleus Software Solutions Pte Ltd, Singapore	79	81
	- Nucleus Software Japan Kabushiki Kaisha, Japan	135	113
		214	**194**
b.	**Trade payables**		
	- Nucleus Software Solutions Pte Ltd, Singapore	62	179
	- VirStra i -Technology Services Limited, India	2	-
	- Nucleus Software Japan Kabushiki Kaisha, Japan	-	98
	- Nucleus Software Australia Pty Ltd., Australia	88	119
	- Nucleus Software Limited, India	-	8
	- Avon Mobility Solutions Private Limited	11	-
	- Nucleus Software Inc., USA	37	-
		200	**404**
c.	**Expenses Payable to Subsidiaries**		
	- Nucleus Software Solutions Pte Ltd, Singapore	6	-
	- Avon Solutions & Logistics Pvt Ltd	2	-
	- VirStra i -Technology Services Limited, India	3	-
		11	**-**
d.	**Loans to subsidiaries**		
	- Nucleus Software Limited, India	732	732
e.	**Provision for doubtful loan**		
	- Nucleus Software Limited, India	732	732
f.	**Investments in subsidiary companies (net of provision) (see note 2.2)**	1,935	1777
g.	**Investments in preference shares of subsidiary companies**		
	- Avon Mobility Solutions Private Limited	400	265
h.	**Fair value change of preference shares of subsidiary at FVTPL**		
	- Avon Mobility Solutions Private Limited	250	0

2.36 Research and development expenditure

Expenditure on research and development as per Ind AS 38

Revenue Expenditure	3,106	2,913

The Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which was valid till 31 March, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsiquently from 1 April 2018 till 31 March 2021.

2.37 **Segment reporting – Basis of preparation**

a. **Segment accounting policies**

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company`s performance and allocates resources based on an analysis of various performance indicators by geographical segments.

Notes forming part of the financial statements

b. Composition of reportable segments

The Company operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments . Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss is set out below:

a(i) **For the year ended 31 March 2019**

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,830	2,860	6,184	5,047	7,627	2,154	941	33	39,676
Expenses	6,952	1,244	6,315	3,216	4,693	822	678	303	24,223
Segment result	**7,878**	**1,616**	**(131)**	**1,831**	**2,934**	**1,332**	**263**	**(270)**	**15,453**
Unallocated corporate expenditure									10,130
Operating profit before taxation									5,323
Other income									4,029
Profit before taxation									**9,352**
Tax Expense									
Net current tax expense									1,969
Net deferred tax credit									(180)
									1,789
Profit for the year									**7,563**

a (ii) **For the year ended 31 March 2018**

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	12,607	2,811	5,241	4,211	6,211	1,105	1,072	474	33,732
Expenses	6,207	1,247	5,014	3,058	3,802	451	679	337	20,795
Segment result	6,400	1,564	227	1,153	2,409	654	393	137	12,937
Unallocated corporate expenditure									9,346
Operating profit before taxation									3,591
Other income									4,177
Profit before taxation									7,768
Tax Expense									
Net current tax expense									1,197
Net deferred tax credit									11
									1,208

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Profit for the year									**6,560**

a (iii) Revenue from a top customer, who is contributing more than 10% of total revenue, is presented segment wise as follows:

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
For the year ended 31 March 2019									
Revenue from operations	-	-	-	5,010	-	-	-	-	5,010
For the year ended 31 March 2018									
Revenue from operations	-	-	-	4,057	-	-	-	217	4,274

Assets and liabilities of reportable segments being geographies are as follows:

a. **As at 31 March 2019**

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,737	541	1,280	714	1,508	373	-	19	8,172
Unallocated corporate assets									55,044
Total assets									63,216
Segment liabilities	5,270	503	3,406	1,071	3,400	1,395	373	38	15,456
Unallocated corporate liabilities									747
Total liabilities									16,203
Capital employed									**47,013**

b. **As at 31 March 2018**

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	4,148	553	1,123	527	1,242	881	22	70	8,566
Unallocated corporate assets									50,569
Total assets									59,135
Segment liabilities	5,999	541	4,413	951	2,676	1,270	414	22	16,286
Unallocated corporate liabilities									865
Total liabilities									17,151
Capital employed									**41,984**

Notes forming part of the financial statements

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

a (i) **For the year ended 31 March 2019**

(Amount in ₹ Lacs unless otherwise stated

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure									864
(Unallocated)									
Total capital expenditure									**864**
Depreciation expenditure									701
(Unallocated)									
Total depreciation									701
Segment non-cash expense other than depreciation	48	(8)	3	3	(8)	-	-	-	**38**
Total non cash expenditure other than depreciation	48	(8)	3	3	(8)	-	-	-	38

a (ii) **For the year ended 31 March 2018**

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure									717
Total capital expenditure									**717**
Depreciation expenditure									647
Total depreciation									**647**
Segment non-cash expense other than depreciation	29	-	1	-	6	6	-	-	42
Total non cash expenditure other than depreciation	29	**-**	1	**-**	6	6	**-**	**-**	**42**

2.38 **Disaggregation of revenue**

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

(A) **Revenues by geography***

a (i) **For the year ended 31 March 2019**

(Amount in ₹ Lacs unless otherwise stated

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,830	2,860	6,184	5,047	7,627	2,154	941	33	39,676

a (ii) **For the year ended 31 March 2018**

(Amount in ₹ Lacs unless otherwise stated

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	12,607	2,811	5,241	4,211	6,211	1,105	1,072	474	33,732

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

Notes forming part of the financial statements

(B) **Revenues in products and services ***

(Amount in ₹ Lacs unless otherwise stated)

Description		Products	Other services	Total
a.	**For the year ended 31 March 2019**			
	Revenue	37,419	2,256	39,676
b.	**For the year ended 31 March 2018**			
	Revenue	31,607	2,125	33,732

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

2.39 Employee Benefit Obligations

Defined contribution plans

An amount of Rs 1,076 lacs for the year ended 31 March 2019 (Year ended 31 March 2018 Rs 917 lacs), have been recognized as an expense in respect of Company's contribution for Provident Fund and ₹ 7 lacs (Year ended 31 March 2018 ₹ 6 lacs) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

In relation to the Supreme Court (SC) judgement on provident fund dated 28 February, 2019 there is considerable interpretative matters including its retrospective implications due to which the impact of the retrospective period cannot be estimated reliably. Pending further clarity on the subject, the Company has made a provision of Rs 22 lakhs which pertains to the year ending 31 March 2019.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of ₹ 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

The Company had made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March 2019 :

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
a.	**Change in defined benefit obligations (DBO) during the year**		
	Obligation at beginning of the year	2,155	1,655
	Current service cost	284	227
	Past service cost	-	274
	Interest on defined benefit obligation	144	103
	Remeasurement due to:	-	-
	Actuarial loss/(gain)arising from change in financial assumptions	59	(52)
	Actuarial loss/(gain)arising from change in demographic assumptions	7	-
	Actuarial loss/(gain)arising on account of experience changes	82	29
	Benefits paid	(81)	(81)
	Obligation at year end	**2,650**	**2,155**

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
b.	**Change in plan assets**		
	Plan Assets at year beginning, at fair value	1,783	1,444
	Expected return on asset plan	123	96
	Contributions by employer	907	311
	Remeasurement due to :	-	-
	Actuarial return on plan assets less interest on plan assets	23	13
	Benefits paid	(81)	(81)
	Plan assets at year end, at fair value	**2,755**	**1,783**
c.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	2,650	2,155
	Fair value of plan assets	2,755	1,783
	Funded status- Surplus/ (Deficit)	(105)	372
	Unrecognised past service costs	-	-
	Net liability recognised in the Balance Sheet	**(105)**	**372**
d.	**Expected employer's contribution next year**	**200**	**200**

e. **Expense recognised in Profit or Loss**

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	284	227
Past service cost	-	274
Interest cost	20	13
Net gratuity cost	**304**	**514**

f. **Remeasurements income recognised in other comprehensive income:**

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial (gain) / loss on defined benefit obligation	148	(23)
Return on plan assets excluding interest income	(23)	(13)
	125	**(36)**

g. **Economic assumptions :**

	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March 2019	**As at 31 March 2018**
Discount rate	7.00%	7.40%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Expected return on plan assets:		

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

h. Demographic assumptions

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

Assumptions regarding future mortality have been based on published statistics and mortality table.

i. Withdrawal rates

	Ages - Withdrawal Rate (%)	
	21-50 years - 16%	21-50 years - 20%
	51-54 years - 2%	51-54 years - 2%
	55-57 years - 1%	55-57 years - 1%

j. Category of asset

Insurer Managed Funds	2,755	1,783

The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

k Sensitivity analysis

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

Particulars :	Year ended 31 March 2019		Year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(74)	78	(50)	53
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	59	(58)	42	(41)

2.40 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	(Rupees)	(Rupees)
Income from software product and services	39,676	33,732
Software development expenses	25,952	22,649
Gross Profit	**13,724**	**11,083**
Selling and marketing expenses	3,430	3,342
General and administration expenses	4,270	3,503
Operating profit before depreciation	**6,024**	**4,238**
Depreciation and amortisation expense	701	647
Operating profit after depreciation	**5,323**	**3,591**
Other income	4,029	4,177
Profit before tax	**9,352**	**7,768**
Tax expense:		
Net current tax expense	1,969	1,197
Deferred tax (credit) /charge	(180)	11
	1,789	**1,208**
Profit for the period	**7,563**	**6,560**

Notes forming part of the financial statements

2.41 TRANSFER PRICING

The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions and specified domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Gross amount required to be spent by Company during the year ended 31 March 2019 / 31 March 2018 :	108	111
Amount spent during the period on purposes other than Construction/acquisition of any asset	102	111
Details of related party transactions:		
Nucleus Software Foundation (See note 2.35)	102	111

2.43 On 17 March 2016, the Company has acquired 96% stake in Avon Mobility Solutions Private Limited ('Avon'), a Mobile Technology Solutions provider for a purchase consideration of Rs 192 lacs. The Company has also taken over Avon's net liabilities aggregating to ₹ 125 lacs. Further, the Company had an option to acquire the remaining 4% shares of Avon as per terms and conditions of share purchase agreement executed with the shareholders of Avon. The Company has further subscribed during the year ended 31 March 2019, 1,350,000 (previous year 31 March 2018, 300,000) 11% redeemable preference shares of face value of ₹ 10 per share, for a minimum tenor of 5 years and maximum tenor of 20 years. Further, during the year ended 31 March 2019, the Company vide share purchase agreement dated 10 July 2018 exercised the call option and acquired remaining 444 shares in Avon, thereby, now it has become wholly owned subsidiary of the Company.

2.44 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
23 April 2019

Noida
23 April 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF CONSOLIDATED OPERATIONS OF NUCLEUS SOFTWARE EXPORTS LTD. AND SUBSIDIARY COMPANIES

Forming Part of the Consolidated Financial Statements for the year ended March 31, 2019

Management's Discussion And Analysis Of Financial Condition And Results Of Consolidated Operations Of Nucleus Software Exports Ltd. And Subsidiary Companies

Management's discussion and analysis of financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to the Management perceptions.

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017 (transition date being April 1, 2016) pursuant to notification issued by Ministry of Corporate Affairs dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial results have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

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.

Nucleus Software Exports Limited (Consolidated) includes the Parent Company, Nucleus Software Exports Limited (the Company) and its subsidiaries and branches worldwide, collectively referred to as Group.

Overview

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Nagar Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., and BSE Ltd. Nucleus Software is the leading provider of mission critical lending and transaction banking products to the global financial services industry. Its software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. We have inter-alia, two flagship products, built on the latest technology:

- FinnOne™, 10 time winner - World's Best Selling Lending Solution.
- FinnAxia™, an integrated global transaction banking solution used by banks worldwide to offer efficient and Innovative global payments and receivables, liquidity management and business internet banking services.

During the year, we have continued to enhance our solutions to take advantage of market trends, such as increasing digitization of financial services. We have leveraged India Stack further to offer end to end digitization of Loan lifecycle.

We launched a sourcing channel application – mFin that offers specialized solution for microfinance loan application processing. The mFin app provides on the go capabilities to acquire microfinance customers for Joint Liability Groups as well as Self Help Group. mFin empowers the sales team to be efficient in data capturing, planning customer visits and credit decision. This channel capability is fully extended to the core application processing platform FinnOne Neo CAS.

As a part of ongoing development program, we also launched FinnAxia 6.0. FinnAxia 6.0 comes with advanced supply chain finance and trade finance solutions, which will enable banks to capture this massive opportunity and help them gain and retain their position as the banker-of-choice for the new customer segments. The supply chain supports the 4-corner model (two-bank interoperable), 3-corner model (single-bank closed) and the point model of financing. The four-corner model facilitates the on-boarding process of buyers and sellers and gives trade banks an extended global reach based on interbank relationships.

The trade finance solution in FinnAxia 6.0 comes with new features such as standby letters of credit - which mitigates risks in the exports business; shipping guarantees - which provides benefits to the buyer with faster possession of goods and improved cash flow; and multi-currency import and export loans - which assist with funding trade transactions at important points throughout the trading cycle of a company; thus enabling seamless cross border trade.

The new solution also includes a slew of updates in the front end ensuring enhanced usability and smoother operations. Security has been enhanced with the provision of login fingerprinting. The solution also enables banks to provide frictionless real-time payments & new payment distribution channels (mobile wallets) for their customers. With FinnAxia 6.0, banks can thus help their new customers not only fulfill their growth aspirations but also build a better relationship with their supply chain partners.

During the year, PaySe™ payment solutions have been expanded in both functionality and reach. PaySe today is truly an offline and online payment solution. PaySe offline payment solutions have been deployed in rural India and is going to be a key infrastructure in making digital villages. PaySe is moving in the direction of partnering with financial institutions to make micro credit on tap a reality.

PaySe online payment solutions gives a migration path to our rural customers who are having smart phones , have mobile literacy and are capable of using mobile apps. PaySe enables merchant payments, mobile recharges, bill payments, ordering for your daily needs, split bills, scratch cards management etc.

The Government of India has launched a massive program to move the country from a cash based economy to a digital economy and PaySe will play an important role as it is primarily focusing on the rural and semi urban economy.

Over the years, our committed professionals have provided par excellence and with our deep expertise and global experience, we have created a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to worldwide acceptability and customer satisfaction.

Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore, USA, Australia and South Africa. Since 1995, product development has been our forte and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Strengths

The Group's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFS) vertical. With a single point focus on the banking and financial industry, the Group's focus on product development is to build products on latest architecture & technology stack, with products that have advanced feature

Management's Discussion and Analysis

& functionalities to support growing need of business. We are performing today to deliver top-tier performance, while investing to ensure that our performance levels can be sustained in the long term. We have stepped up our investments in brand building, R&D, sales and our people. All of this coupled with differentiated products' help us drive sales and ultimately bring in customer satisfaction. The definitive goal is to touch and improve lives of more and more people across the world by equipping Banks with superior technology products for managing lending operations.

Building on our strong product innovation and R&D capabilities, we executed strategic initiatives for new products, sales and market development and people to help drive transformation and continue the momentum of growth. This endeavor demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, listed elsewhere in this Annual Report.

A brief on the functionality of our products is given below:

FinnOne™ NEO, is the next-generation lending solution built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors. The multi-channel solution helps digitize the complete loan lifecycle end to end, from initial contact with customers and helping make better credit decisions faster to comprehensive loan servicing and sophisticated delinquency management. FinnOne Neo has been designed to meet the challenges of delivering agile and efficient solutions while reducing the cost of operations.

FinnOne Neo supports both cloud and on-premise deployments. It can be deployed quickly in partnership with leading cloud providers without high upfront capital expenditure. Cloud deployment provides flexibility in scale while optimizing costs by supporting pay-per-use models.

The suite offers the following line of products, which can be used as independent modules or together to form a single suite:

- **FinnOne Neo Customer Acquisition System (CAS)** is a comprehensive loan origination software, which controls and automates various business processes/activities performed in processing of a loan or credit card application for advanced risk management and business process optimization. It allows financial institutions to integrate various processes for acquisition and pre-disbursal. It supports the entire acquisition lifecycle from customer self-application (knowing upfront eligibility, automatic credit evaluation and disbursal) to customer walk-in and decision by the underwriter for the disbursement. Additionally, it allows integration with channels and lending tools using the digital API stack.
- **FinnOne Neo Loan Management System (LMS)** is an advanced and comprehensive loan management system that aims to improve the quality, turnaround time and service for end-customers. It enables banks to improve the agility, transparency and efficiency of their lending solutions. As a loan management solution, it enables financial institutions to automate the processes for achieving cost savings and enhanced customer experience. The solution is empowered with API stack to let financial institutes achieve digital transformation in lending processes.
- **FinnOne Neo Collections** is a customer centric, web based and workflow driven solution that allows financial institutions to manage, monitor and control the delinquent loan accounts while automating the loan collections management framework. The workflow manager governs the entire business processes and the rule engine defines the supporting rules in line with their policies. The single solution caters to Collection, Legal and Repossession processes for delinquency management. The API stack allows to digitalize the field collection through channels.
- **FinnOne Neo Enterprise Content Management (ECM)** provides image based processing capabilities in loan acquisitions and various lifecycle events. ECM provides capability to store and retrieve various contents like document images, letters, communications etc. for a particular account. It is well integrated with other modules of the FinnOne Neo suite and offers API stack for digital integration.
- **FinnOne Neo Channel Solutions** offered in FinnOne Neo caters to mobile as well as web based channels. The FinnOn Neo Mobility suite is a portfolio of mobile solutions aimed at creating end customer empowerment while digitalizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by field staff for MicroFinance (mFin), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. The FinnOne Neo Internet Channel suite provides web based applications for customer Self Application (eApply) and customer Self Service (eServe)
- **FinnOne Finance Against Securities (FAS)**, is a comprehensive solution that establishes credit lines to individuals and corporate against the pledging of financial securities including & not limited to equity shares, mutual funds and government & corporate bonds. It is an end-to-end solution which automates the business processes right from portfolio/Account creation to daily assessment of the portfolio value to account closure.
- **Islamic Financing** is an offering comprising of CAS and LMS modules designed as per Islamic/Shariah rules. It is designed with function specific modules, managing the complete finance cycle starting from origination till after sales transactions.
- **Lending Analytics** helps financial institutions to unleash the power of analytics. The solution focuses on the four key tenets of efficient end-to-end loan lifecycle management viz. Improved Acquisition, Faster Customer On-boarding, Comprehensive Loan Servicing and Efficient Delinquency Management. The product has an intuitive GUI for quick insight generation through interactive visualizations. It is easy to build and validate scoring models.Overall, Lending Analytics is a rightly shaped product that gives lending business the much needed analytical edge to make data driven decisions seamlessly throughout the lending value chain.

FinnAxia™ is an integrated global transaction banking solution built on latest Java J2EE technology and Service Oriented Architecture (SOA) platform. With this product suite, banks can breakdown traditional product silos, launch personalized products/services over multiple channels and create winning corporate customer propositions.

The key product components of FinnAxia™:

- **Global Receivables** enables banks to provide comprehensive accounts receivable management solutions to corporate customers across transaction types, jurisdictions and time zones.

Management's Discussion and Analysis

- **Global Payments** enables banks to manage the accounts payables process of their corporate customers via multiples payment methods including real time payments and related A/P reporting, advising & notifications. It enables multi-currency payments across jurisdictions and time zones.
- **Global Liquidity Management** gives bank the power to manage the cash positions of their corporate customers on an international basis resulting in better utilisation of available funds and reduced interest costs through short-term bank borrowings. It helps the banks setup and manage complex cash concentration and pooling structures for automated fund movements and consolidation within the group. Global Liquidity Management automates all transactions, interest & tax calculations, manages a registry of intercompany lending/ borrowing history and limits for the corporate entity.
- **Financial Supply Chain Management** offers an integrated way of managing invoice presentation and transaction processing across a corporate's supply chain, covering its suppliers and dealers. It aims to optimize working capital with its wide array of supply chain financing options like Invoice discounting, invoice financing, factoring, reverse factoring and dynamic discounting etc.
- **Business Internet Banking** is a delivery channel for bank's customers, offering convenience to bank anytime and anywhere. It allows banks to provide easy access to information from multiple back-end systems as relevant data into a single customer view. It is an easy to use, robust solution that provides direct access to a comprehensive suite of transaction banking products developed for bank's corporate customers.
- **E- Trade Finance** gives the corporate customers of the bank a flexibility to digitize their trade finance service requests via trade products like letter of credit, bank guarantees, import-export financing, Standby Letter of Credit, Shipping Guarantee and Import-Export Bills for collection.

Mobility Solutions: The FinnOne™ Mobility suite is a portfolio of mobile solutions aimed at digitizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. Mobility solutions are also available for FinnAxia customers.

FINANCIAL PERFORMANCE

Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards)Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company has nine subsidiary companies, all of which are wholly-owned. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

i) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, discussed in this chapter. This consolidated presentation is more relevant for understanding the overall performance of the group especially as intercompany transactions are eliminated being contra.

ii) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company has been discussed in the earlier part of this Annual Report.

The consolidated financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth (%)
Revenue From Operations	484.03	100.00	411.81	100.00	17.54
Expenses					
a) Employee benefit expense	313.53	64.77	276.97	67.26	13.20
b) Operating and other expenses	91.25	18.85	76.15	18.49	19.83
c) Finance costs (Bank charges)	0.51	0.11	0.51	0.12	-
Total Expenses	**405.29**	**83.73**	**353.63**	**85.87**	**14.61**
Operating Profit (EBITDA)	**78.74**	**16.27**	**58.18**	**14.13**	**35.34**
Depreciation & Amortization	9.93	2.05	7.04	1.71	41.05
Operating Profit after Interest and Depreciation	**68.81**	**14.22**	**51.14**	**12.42**	**34.55**
Other Income	27.48	5.68	28.72	6.97	(4.32)
Profit Before Tax	**96.29**	**19.89**	**79.86**	**19.39**	**20.57**
Taxation	21.75	4.49	17.31	4.20	25.65
Profit After Tax	**74.54**	**15.40**	**62.55**	**15.19**	**19.17**
Other Comprehensive Income	0.26	0.05	(1.50)	(0.36)	117.33
Total Comprehensive Income for the period	**74.80**	**15.45**	**61.05**	**14.82**	**22.52**

Management's Discussion and Analysis

Revenue from Operations

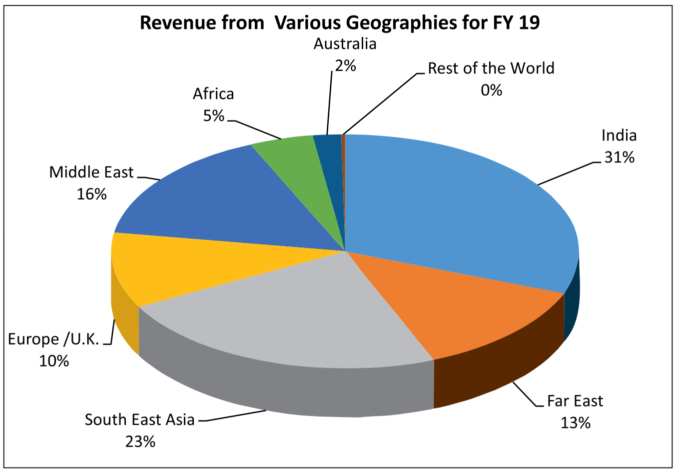
Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is recognised in accordance with the output method based on percentage completion. Revenue from time and material contracts is recognised as the services are rendered. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

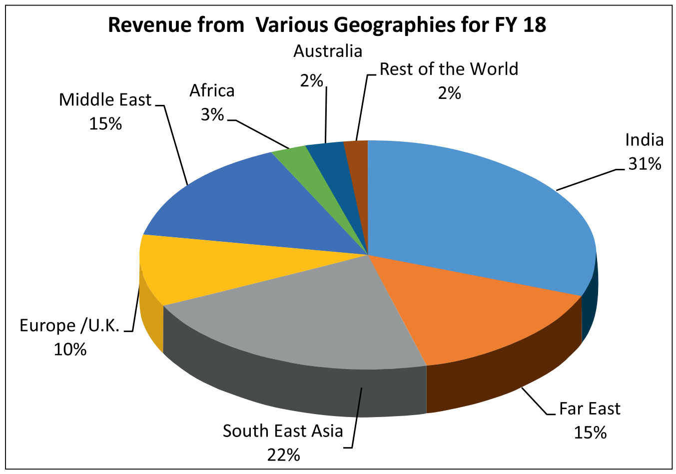
During the year, revenue from operations is ₹ 484.03 crore, as compared to ₹ 411.81 crore for the previous year.

Revenue from Various Geographies

The Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia, which represent the reportable segments. These segments are based on location of customers of the Company.

For the year, around 69% of revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.

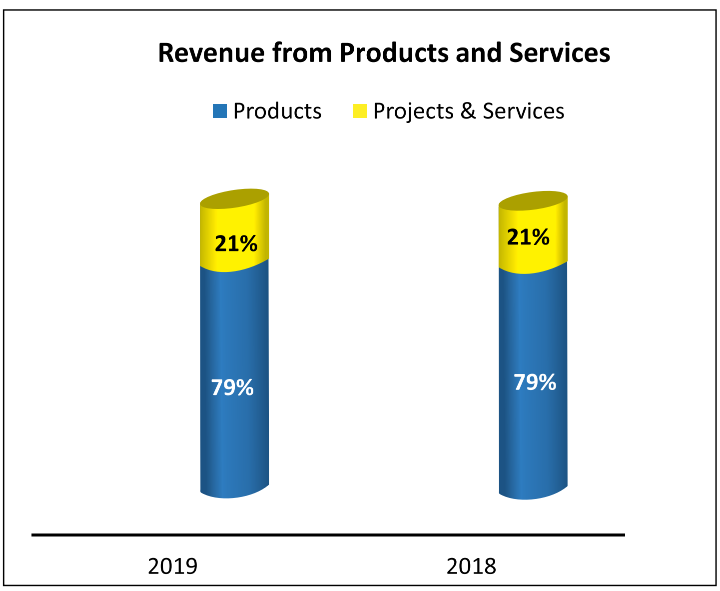




Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 383.27 crore, 79.18% of the total revenue, against ₹ 326.09 crore, 79.18% of total revenue, in the previous year.

Software services rendered by the Company typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Revenue from Software projects and services revenue for the year is ₹ 100.76 crore, 20.82% of the total revenue, against ₹ 85.72 crore, 20.82% of the total revenue in the previous year.



Management's Discussion and Analysis

EXPENSES

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed, variable and incentives components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 13.20% to ₹ 313.53 crore, 64.77% of revenue against ₹ 276.97 crore, 67.26% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth (%)
Salaries	288.15	59.53	254.18	61.72	13.36
Contribution to provident and other funds	14.56	3.01	12.37	3.00	17.70
Gratuity expense	3.25	0.67	5.51	1.34	(41.02)
Staff welfare	7.57	1.56	4.91	1.19	54.18
Total Employee Benefit Expenses	**313.53**	**64.77**	**276.97**	**67.26**	**13.20**
Revenue	***484.03***	***100.00***	***411.81***	***100.00***	***17.54***

Operating and Other Expenses

Operating and other expense primarily consist of expenses such as travel to execute work at client site and for other sales and Marketing activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹ 91.76 crore, 18.96% of revenue for the year, increased by 19.70% in comparison to ₹ 76.66 crore, 18.62% of revenue in the previous financial year

The Increase in Operating and other expense for FY 2019 from FY 2018 is primarily due to provision for impairment of our investment, higher travel expenses and higher legal & Professional Expenses.

(₹ in crore)

For the Year Ended March 31,	2019	% of Revenue	2018	% of Revenue	Growth %
Outsourced technical service expense	5.66	1.17	7.06	1.71	(19.83)
Cost of software purchased for delivery to clients	2.35	0.49	2.49	0.60	(5.62)
Travel expense	19.00	3.93	15.31	3.72	24.10
Power and fuel	4.64	0.96	4.70	1.14	(1.28)
Rent	8.42	1.74	7.94	1.93	6.05
Rates & Taxes	0.24	0.05	1.06	0.26	(77.36)
Repair and maintenance	4.87	1.01	3.96	0.96	22.98
Legal and professional	10.24	2.12	7.06	1.71	45.04
Directors remuneration	1.29	0.27	1.21	0.29	6.61
Conveyance	2.09	0.43	2.04	0.50	2.45
Communication	2.49	0.51	2.57	0.62	(3.11)
Training and recruitment	3.63	0.75	3.55	0.86	2.25
Information technology expenses	7.97	1.65	6.37	1.55	25.12
Provision for doubtful debts/advances/ other current assets	0.40	0.08	0.37	0.09	8.11
Commission to channel partners	1.95	0.40	1.16	0.28	68.10
Conference, exhibition and seminar	2.17	0.45	1.59	0.39	36.48
Advertisement and business promotion	2.17	0.45	1.43	0.35	51.75
Insurance	0.48	0.10	0.53	0.13	(9.43)
Provision for impairment of Investment	6.01	1.24	-	0.00	NA
Finance Cost	0.51	0.11	0.51	0.12	0.00
Miscellaneous expenses	4.16	0.86	4.64	1.13	(10.34)
Contribution to CSR Activities	1.02	0.21	1.11	0.27	(8.11)
Total Operating and Other Expenses	**91.76**	**18.96**	**76.66**	**18.62**	**19.70**
Revenue	***484.03***	***100.00***	***411.81***	***100.00***	***17.54***

The Company had set up Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the Company. During the year, the Company contributed ₹ 1.02 crore towards CSR activities to the Foundation. The details of CSR initiatives undertaken by the Foundation has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit at ₹ 78.74 crore, 16.27% of revenue against ₹ 58.18 crore, 14.13% of revenue in the previous year.

Management's Discussion and Analysis

Depreciation & Amortization

Depreciation on fixed assets was ₹ 7.43 crore, 1.54% of revenue for the year, against ₹ 7.04 crore, 1.71% of revenue in the previous year. We have also provided for amortization in goodwill for one of our subsidiary, Avon Mobility Solutions Pvt. Ltd by ₹ 2.50 crore.

Other Income

Other Income represents income received in the form of dividends from current investments, interest on fixed deposits and bonds and capital gains on the sale of current investments.

(₹ in crore)

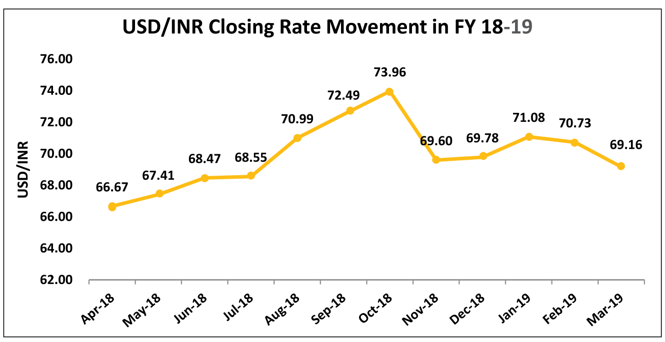
For the Year Ended March 31,	2019	2018
Dividend on investment in Mutual fund units	7.86	9.57
Interest income on financial assets- carried at amortised cost	17.52	18.52
Net Gain / (Loss) on foreign currency	(2.62)	0.03
Profit on sale of assets/ investments	3.67	0.35
Others	1.05	0.25
Total	**27.48**	**28.72**

Other income for the year is ₹ 27.48 crore, against ₹ 28.72 crore in the previous year.

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange loss of ₹ 2.62 crore against gain of ₹ 0.03 crore in the previous year.

Foreign Exchange continues to be volatile, as depicted in the below mentioned chart.



Source: FEDAI

The monthly closing rate of Indian Rupee varied from a high of ₹ 66.67 to the Dollar in April 2018 to a low of ₹ 73.96 in October 2018 and overall lost 6.4% against the US Dollar on a March end to March end comparison.

The Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. In terms of foreign currency hedges, we had on March 31, 2019, 6.95 million US dollars of forward contracts at an average rate of 72.68, designated as highly probable forecast transactions. There is a mark-to-market gain of ₹ 182.72 lakhs reflected in the hedging reserve in balance sheet. Currency-wise revenues for the year along with a comparison for the previous years are as follows:

For the Year Ended March 31,	2019	2018
INR	31%	31%
JPY	5%	7%
SGD	10%	9%
USD	37%	42%
MYR	2%	1%
EUR	1%	3%
GBP	9%	2%
CHF	0%	0%
AUD	2%	3%
AED	2%	2%
ZAR	1%	1%
TOTAL	**100%**	**100%**

Taxation

It represents provision for corporate & income taxes determined in accordance with tax laws applicable in countries where the Company and subsidiaries operate.

(₹ in crore)

For the Year Ended March 31,	2019	2018
- Current Tax Expense	23.28	15.11
- Deferred Tax Credit (net)	(1.53)	2.20
Total	**21.75**	**17.31**

Total effective tax for the year is 22.6% of Profit Before Tax, in comparison to 21.7% of Profit Before Tax for the previous year. Expenditure of the Company's R & D centre in Noida which is duly recognized by the Department of Scientific and Industrial Research (DSIR), is entitled to weighted tax deduction in accordance with section 35(2 AB) of the Income Tax Act, 1961.

Profit After Tax

Our profit after tax for the year is ₹ 74.54 crore, 15.40% of revenue, against ₹ 62.55 crore, 15.19% of revenue for the previous year.

This age of competition necessitates overall revenue growth, earned in an optimal cost environment. We remain committed to achieving higher productivity and generate better margins. Our sales and marketing efforts are focused on increasing our customer base and hence the market share, which would ultimately yield better realizations. Emerging markets across the world will continue to provide stability and growth would be led by larger engagements and value offerings.

Other Comprehensive Income (OCI)

Other comprehensive income represents

a) Equity instruments through OCI – this is primarily on account of fair valuation of investment for which the company has made an irrevocable option to present the same in the OCI. For the year it is ₹ 0.06 crore, against ₹ (1.96) crore in the previous year.

b) Remeasurements of the defined benefit plans – consist mainly of remeasurements gain/losses on our defined benefit plans. For the year it is ₹ (1.32) crore, against ₹ 0.53 crore in the previous year.

c) Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net – when a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in OCI. For the year it is ₹ 1.16 crore, against ₹ (1.54) crore in the previous year.

d) Exchange difference on translation of foreign operations. For the year it is ₹ 0.36 crore, against ₹ 1.47 crore in the previous year.

Total other comprehensive income for the year is ₹ 0.26 crore, against ₹ (1.50) crore in the previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2019 is 29,040,724 equity shares of ₹ 10 each as compared to 29,040,724 equity shares of ₹ 10 each as on March 31, 2018.

Subsidiaries

The Company has nine subsidiary companies, all over the world, all of which are wholly-owned. Its gross investment in Paid-up Share Capital of the Subsidiaries as on March 31, 2019 is as per the below table.

Name of Subsidiary Company	**Currency**	**As at March 31, 2019**		**As at March 31, 2018**	
		In foreign Currency	**Eqv. Rupees (in crore)**	**In foreign Currency**	**Eqv. Rupees (in crore)**
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of SGD 1 each.	**SGD**	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US$ 0.35 cents each	**USD**	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	**JPY**	10,000,000	0.41	10,000,000	0.41
Virstra i-Technology Services Ltd., India. 1,000,000 equity shares of ₹ 10 each	**INR**	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 7500 equity shares of Euro 100 each	**Euro**	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of ₹.10/- each	**INR**	-	11.94	-	11.94
Nucleus Software Australia. 100,000 Equity share of 1 AUD each	**AUD**	100,000	0.55	100,000	0.55
Nucleus Software South Africa (Pty.) Limited. 10 Equity shares of ZAR 61,200 each	**ZAR**	612,000	0.32	612,000	0.32
Avon Mobility Solutions Private Limited. 11,110 (10,666) equity shares of ₹ 10 each	**INR**	-	3.50	-	1.92
Avon Mobility Solutions Private Limited. 4,000,000 (2,350,000), 11% Preference shares of ₹ 10 each	**INR**	-	4.00	-	2.35

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

Other Equity

The movement in the components of Other Equity is as below:

(₹ in crore)

	Opening Balance as on April 1, 2018	**Additions/ (Deletions) during the year**	**Closing Balance as on March 31, 2019**
General Reserve	6.61	-	6.61
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	3.34	-	3.34
Retained Earnings	413.06	46.98	460.04
Other Comprehensive Income			
Hedging Reserve	0.02	1.17	1.19
Foreign Currency Translation Reserve	0.05	0.36	0.41
Remeasurement of net defined benefit plans	(0.10)	(1.32)	(1.42)
Equity instrument through other comprehensive income	8.39	0.06	8.45
Total	**432.26**	**47.25**	**479.51**

Property, plant and equipment and Intangible assets

As at March 31, 2019, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹ 46.52 crore against ₹ 45.17 crore as on March 31, 2018.

(₹ in crore)

As at March 31,	2019	2018	Inc/Dec (%)
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Leasehold land	21.44	16.78	27.77
Leasehold improvements	0.14	0.14	-
Buildings	15.61	20.00	(21.95)
Plant and equipment	3.45	2.84	21.48
Computer equipment	17.28	13.10	31.91
Vehicles	3.27	2.47	32.39
Furniture and fixtures	1.86	1.00	86.00
Software	8.39	6.54	28.29
Total	**71.78**	**63.21**	**13.56**
Less; accumulated depreciation	25.26	18.04	40.02
Net Carrying Amount	**46.52**	**45.17**	**2.99**

There are fresh additions of ₹ 8.79 crore during the year, including ₹ 4.26 crore of computer hardware and ₹ 1.86 crore of software purchases.

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

Goodwill on Consolidation

The goodwill in the books has arisen based on the difference in the book value of the investment vis-à-vis the consideration paid for acquisition of 96% stake in AVON Mobility Solutions Pvt. Ltd., a mobile technology solutions provider in March 2016.

The total amount of goodwill is ₹ 0.67 crore as of the Balance Sheet date. The Management has performed a valuation of the intrinsic value of the business of this entity. Accordingly, on best estimates an impairment of ₹ 2.5 crores in the goodwill is taken in the books of accounts.

Investments

a. **Non-current investments** totaling ₹ 248.37 crore as on March 31, 2019 against ₹ 241.31 crore as on March 31, 2018.
   i) **Investment in equity shares of a listed company at FVOCI** - ₹ 8.70 crore.
   ii) **Investment in preference shares** – ₹ 56.94 crore.
   iii) I**nvestment in tax free bonds at amortised cost** - ₹ 87.37 crore.
   iv) **Investment in fixed maturity plans of mutual funds at amortised cost** – ₹ 64.06 crore.
   v) **Investment in mutual funds at Fair value through profit or loss (FVTPL)** – ₹ 31.30 crore.

b. **Current investments and Bank Balances**

The Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements.

As of March 31, 2019 the cash and bank balances (including fixed deposits) stood at ₹ 82.94 crore against ₹ 69.55 crore on March 31, 2018, current investments are ₹ 176.06 crore against ₹ 145.42 crore on March 31, 2018.

Total cash and current investments are thus at ₹ 259.00 crore on March 31, 2019 against ₹ 214.97 crore as on March 31, 2018.

(₹ in crore)

As at March 31,	2019	2018
Balances with Bank		
In Current Accounts	24.31	29.30
In Fixed Deposit Account	58.63	40.25
Current Investments	176.06	145.42
Total	**259.00**	**214.97**

Operating Cash Flow

As a part of the financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties.

Our net cash flow from operating activities before working capital changes is ₹ 85.57 crore for the financial year against ₹ 61.01 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 56.09 crore against ₹ 76.93 crore.

Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations and our net cash flow from operating activities before working capital changes has increased this year with higher operating profitability.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31,	2019	2018
Operating cash flow as % of revenue	11.59%	18.68%
Days of sale receivable	54	72
Cash and Equivalents as % of assets	37.79%	33.21%
Cash and Equivalents as % of revenue	53.51%	52.20%
Current investments as% of assets	25.69%	22.47%
Current investments as % of revenue	36.37%	35.31%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2019 are ₹ 71.13 crore, against ₹ 81.78 crore as on March 31, 2018.

Management's Discussion and Analysis

The age profile of the debtors (net of provision) is given below:

(₹ *in crore)*

As at March 31,	2019	2018
Less than three months	85.80%	80.55%
Between 3 and6 months	3.25%	4.82%
More than 6 months	10.95%	14.63%

Loans and Other Financial Assets

Loans and Other Financial assets have been classified into Non Current and Current based on their period of realization.

(₹ *in crore)*

As at March 31,	2019	2018
Non – Current		
Staff Loans	0.07	0.09
Security deposits	3.71	2.95
Long-term bank deposits	0.19	8.50
Total	**3.97**	**11.54**
Current		
Staff Loans	0.28	0.29
Security deposits	0.04	-
Mark-to-market gain on forward contracts	1.83	0.03
Expenses recoverable from customers	0.40	0.26
Total	**2.55**	**0.58**
Total Loans and other Financial Assets	**6.52**	**12.12**

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹ 3.75 crore as on March 31, 2019 against ₹ 2.95 crore as on March 31, 2018. Long term bank deposits amounting to ₹ 0.19 crore as on March 31, 2019 include deposits held with bank for maturity more than 12 months from balance sheet date under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.

Other Assets

Other Assets represents income tax asset, Employee advances, Service income accrued but not due, Balances with Government authorities, Supplier and capital advances, prepaid and deferred expenses. Other assets have been classified into Non Current and Current based on their period of realization.

(₹ *in crore)*

As at March 31,	2019	2018
Non – Current		
Advance Tax	16.74	13.49
Employee Advances	0.38	0.38
Capital Advances	-	0.07
Prepaid Expenses	0.05	0.01
Advance payment to gratuity trust	1.10	-
Deferred Expenses	0.37	0.24
Total	**18.64**	**14.19**
Current		
Service income accrued but not due	16.67	13.28
Employee Advances	1.01	0.63
Prepaid Expenses	3.44	3.99
Contract cost	0.70	-
Balances with Government authorities	0.62	1.24
Supplier advances	4.15	3.41
Deferred Expenses	0.05	0.03
Total	**26.64**	**22.58**
Total Other Assets	**45.28**	**36.77**

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2019 the Current liabilities are ₹ 168.59 crore against ₹ 176.94 crore as on March 31, 2018.

(₹ *in crore)*

As at March 31,	2019	2018
Financial liabilities		
Trade Payables	12.26	54.06
Unpaid dividends	0.39	0.25
Payable for purchase of fixed assets	-	0.01
Employee payable	43.71	-
Other current liabilities		
Advances from customers/Advance Billing	49.91	62.04
Deferred Revenue	51.26	44.82
Payable to gratuity trust	-	4.00
Statutory Liabilities	7.10	8.03
Short term provisions		
Compensated absences	2.11	1.82
Gratuity	0.04	0.04
Income tax	1.81	1.87
Total	**168.59**	**176.94**

Trade payables represent the amount payable for providing goods and services and are ₹ 12.26 crore as on March 31, 2019 against ₹ 54.06 crore as on March 31, 2018. Advances from customers as on March 31, 2019 are ₹ 49.91 crore against ₹ 62.04 crore as on March 31, 2018. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is a later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2019 it is ₹ 51.26 crore against ₹ 44.82 crore as on March 31, 2018. Employee Payables includes the provision for Bonus, accrued salaries, incentives and retention bonus payable to employees.

Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, GST, etc. As on March 31, 2019 it is ₹ 7.10 crore against ₹ 8.03 crore as on March 31, 2018. Short term provisions for Compensated absences, gratuity and taxes are those for which liability is expected to arise in near future. Sum of all these short-term provisions as on March 31, 2019 are ₹ 2.15 crore against ₹ 1.86 crore as on March 31, 2018.

The Company has made contributions to Nucleus Software Employees Group Gratuity Assurance Trust, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2019 were ₹ 8.23 crore against ₹ 9.04 crore as on March 31, 2018. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	**2019**	**2018**
Financial liabilities		
Annual incentive payable	0.39	0.91
Deferred Tax liability	0.08	1.89
Long-term Provisions		
Compensated absences	7.37	5.88
Gratuity	0.18	0.15
Asset retirement obligation	0.21	0.21
Total	**8.23**	**9.04**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company based on actuarial valuation determines provision for Compensated absences.

Risk Management Report

Risk may be defined as the possibility to suffer damage or loss, characterized by three factors:

1. The Probability or likelihood that loss or damage will occur.
2. The Expected time of occurrence.
3. Magnitude of the negative impact that can result from its occurrence.

Focus on risk management enable us to achieve key business and strategic objectives by identifying, analyzing, evaluating, monitoring, governing and mitigating all known forms of risks or potential treats to these objectives. In order to achieve this objective, policies and relevant internal controls are developed as an on-going process to ensure we have an efficient risk management system in place with proper management of the Company's resources and appropriate mitigation of risks.

We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Risk Management Structure at Nucleus

At Nucleus, Risk Management is a disciplined way to deal with business uncertainty and the associated risk and opportunity.

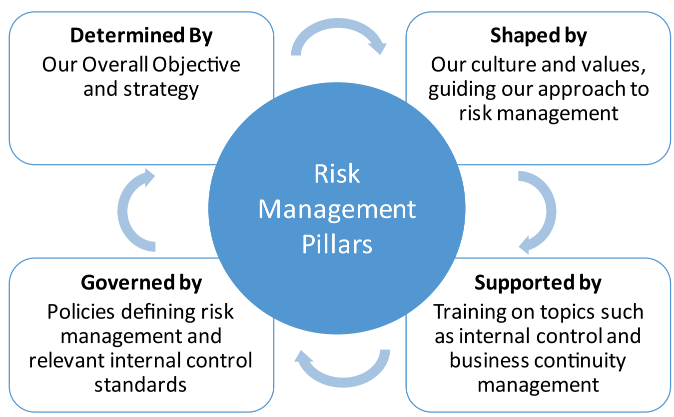
This objective of this Risk Management at Nucleus is to:

- Enable the Company to manage unexpected outcomes and reduce impact of risk events when they occur.
- Empower the Management to take informed decisions, under guidance of Board of Directors of the Company, that maximize value, reduce costs and balance risk with returns.
- Ultimately promote confidence amongst the Company's stakeholders in the effectiveness of business management process of the Company and the ability to plan and meet strategic objectives.

Risk management in the Company is conducted across the organisation at various levels. The key components of Risk management structure are as follows:

At a strategic level, our risk management practices are:

- Risk Identification – Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.
- Risk measurement, mitigation and monitoring - At the end of every quarter, the Risk Management Committee invites status update of the mitigation plans of the top identified risks and if any changes have occurred in the nature of risks during the quarter. Basis the same, an analysis of exposure and potential impact are carried out. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed. Each top risk is mapped as per a Risk Criticality Matrix.
- Risk Reporting – Basis the above, a Risk update is prepared every quarter and provided to the Audit Committee and the Board. Entity level risks such as project risks, account level risks are reported to and discussed at appropriate levels of the organization.
- Integration with strategy and business planning - Identified risks are used as key inputs for the development of strategy and business plan.



Risks and Concerns

The Company's business operations are subject to various risks particular to the industry and certain generic risks including those described below, that could have an adverse impact on business.

Product Obsolescence may affect our business potential. The IT sector is characterized by technological changes at a rapid rate, evolution of existing products and introduction of new product. Latest technology trends are to be closely monitored to provide products in compliance with industry standards. As a Product Company, growth of the Company is based on the ability to offer products on latest technology trends and evolving industry standards. If we are unable to provide enhancements and new features for our existing applications or new applications that achieve market acceptance or that keep pace with rapid technological developments, our business and results of operations could be adversely affected. Our future success will depend on our ability to absorb new technology trends and develop solutions that will keep pace with changes in the markets in which we provide services. Despite our constant efforts, we cannot be sure that we will be successful in developing new products with evolving technologies in a timely or cost-effective manner and along with this the success of developed products also cannot be guaranteed. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect our revenue. Our new Product Strategy is based on rapid continuous evolution of the Products. Timely delivery of planned Scope of the Roadmap is its key. Developing new technologies is complex. Any delay or scope reduction can impact Sales and meeting customer commitments. To mitigate this risk, continuous investments are being made in conducting research and development to enhance product technology and features and develop new products. Technology and functionality road map for products is prepared and reviewed by the senior management and implemented. Accordingly, we have planned new releases in a year for each of the Products and are focusing on maximizing engineering capacity to it. Overload of Asks on the Roadmap from customers, prospects in the pipeline and tactical demands may lead to wrong prioritization and inefficiencies. This can further lead to the Roadmap becoming overloaded and stressed and we may see delays in the releases as an outcome of this.

Further high-level interaction with top class academic institutes is also being set up, to keep abreast with latest changes. We have made and expect to continue to make significant investments in research and development and related product opportunities. During the year, your Company has continued to enhance its solutions to take advantage of market trends, such as increasing digitalization of financial services. We have leveraged India Stack further to offer end to end digitalization of Loan lifecycle.

Your Company launched a sourcing channel application – mFin that offers specialized solution for microfinance loan application processing. This channel capability is fully extended to the core application processing platform FinnOne Neo CAS.

As a part of ongoing development program, your Company also launched FinnAxia 6.0. The trade finance solution in FinnAxia 6.0 comes with new features such as standby letters of credit- which mitigates risks in the exports business; shipping guarantees-which provides benefits to the buyer with faster possession of goods and improved cash flow; and multi-currency import and export loans-which assist with funding trade transactions at important points throughout the trading cycle of a company; thus enabling seamless cross border trade. During the year, PaySe™ payment solutions have been expanded in both functionality and reach. PaySe today is truly an offline and online payment solution. PaySe offline payment solutions have been deployed in rural India and is going to be a key infrastructure in making digital villages. PaySe is moving in the direction of partnering with financial institutions to make micro credit on tap a reality.

Our business depends on our ability to attract and retain talent. Product centric model of the Company especially demands retention of key talent; people with domain knowledge and technical skills. We also rely on our leadership team in the areas of product development, marketing, sales, services, and general and administrative functions and on mission-critical individual contributors in product development. High Attrition which can happen due to many factors including growth, compensation expectations, work and empowerment processes, leadership, infrastructure etc. To execute our growth plan, we must attract and retain highly qualified personnel, and our managers must be successful in hiring employees who share our values and have the competencies to succeed at Nucleus. To mitigate this risk, we are making the line manager more people centric and in collaboration with HR Team. Your Company has also outsourced recruitment of engineering team to multiple companies. This is being done in addition to the internal recruitment in all the areas. We have taken many initiatives in the last year to retain the best talent. We continuously review and improvise them for still better retention. We give exposure to talented people to work with our customers in different geographies and understand customer expectations in times to come. These expectations are then build in the product to make it future ready. We also lay focus on learning and development, help them in understanding their career, identifying achievers and rewarding them. Succession planning for key positions in Senior Management (i.e. one level below the CEO position) and Heads of Departments is also a critical aspect of risk management.

If we cannot maintain our corporate culture, we could lose the innovation, teamwork and passion that we believe contribute to our success, and our business may be harmed. We believe that a critical component of our success has been our corporate culture, as reflected in our core values: Integrity, Respect, Result Orientation, Innovation and Collaboration. As we continue to grow, we will need to maintain our corporate culture among a larger number of employees dispersed in various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. During the year, there have been many workshops and trainings conducted across the organization , to instill a system and keep reminding the workforce about the values, which has helped the organization to grow in the past.

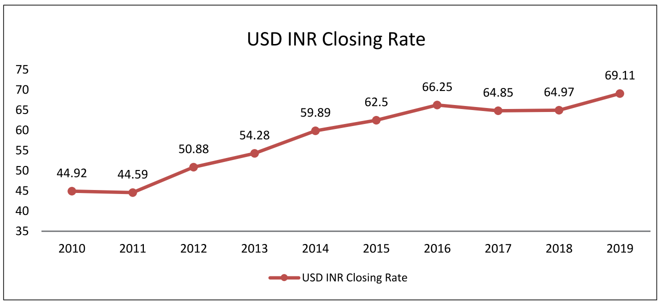
Our organization structure, processes and business models may not be scalable. The structures and processes of the Company business operations may not have adequate potential to grow the revenue base significantly faster than the cost base; and hence may not be adequate for growth. Business models; how we sell, how we license, how we support, product development and life cycle management, go to market strategy, may also not be suitable for significant year on year growth. The Management is working towards mitigating this risk by instilling measures to develop and refresh leadership skills and competencies in employees, Retain best suited talent, Automate processes including installing enterprise software systems and Innovating business models.

Company is constantly exposed to the risk of volatility in foreign exchange rates. The Company operates internationally in 50 plus countries and a major portion of our business is transacted in currencies other than the Indian Rupee. Nearly seventy percent of our revenue is denominated in foreign currency, predominantly the US Dollar. Seventy percent of our expenses are in the Indian Rupee. Foreign exchange currency markets are volatile, and such fluctuations in foreign currency exchange rates could materially and adversely affect the Company's profit margins and results of operations and therefore the Company is exposed to continuing risk of foreign exchange fluctuation.

The exchange rate of the Rupee has been extremely volatile in the

Risk Management Report

last ten years as evidenced by the succeeding graph.



Source: FEDAI

The volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively. Inadequacies in the hedging mechanisms to deal with exchange rate fluctuation could expose the Company to even larger losses than envisaged due to exchange rate fluctuations. To mitigate this risk, the Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. Clear guidelines for concluding derivative transactions have been laid down and arrangements have been institutionalized to facilitate periodic review and audit of the operation, impact and consequences of such transactions, including verifying compliance with extant laws and regulations.

The hedging strategies that we have implemented, or may in the future implement, to mitigate foreign currency exchange rate risks, may not reduce or completely offset our exposure to foreign exchange rate fluctuations. This may additionally also expose our business to unexpected market, operational and counterparty credit risks. We may incur losses from our use of derivative financial instruments that could have a material adverse effect on our business, results of operations and financial condition. At the year end, the Company had US$ 6.95 million of hedges compared to US$ 7.05 million at the beginning of the year.

Further, the policies of the Reserve Bank of India may change from time to time, also have a bearing on our operations and hence the revenues. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the rupee and foreign currencies.

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

	As of March 31,	
	2019	**2018**
Aggregate amount of outstanding forward and options contracts	$ 6.95 million	$ 7.05 million
Gain/(loss) on outstanding forward and options contracts reflected in the Hedging Reserve in the Balance Sheet	₹ 1.83 crore	₹ 0.03 crore

Legal Compliances world-wide expose us to additional risks. The Company is an incorporated legal entity and is impacted by changes in various laws, rules and regulations like Companies Act, Accounting Standards, Labour laws, SEBI Regulations, etc. Further the Company is incorporated in India, and has subsidiaries overseas in Japan, Netherlands, Singapore, USA, Australia and South Africa; which caters to customers operating in various countries and a significant part of the revenue is derived from international sales. Nucleus operations world-wide may be affected by changes in political scenario, trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment. This risk could typically result in penalties, financial loss, loss of reputation and are assessed on dimensions such as process effectiveness, compliance with policies and procedures and underlying controls. In order to mitigate these risks, various departments within the Company; taking care of compliances of applicable laws/rules etc., are manned by qualified personnel. A proactive team of legal experts is also positioned at the head-office of the Company. Expert external advice/opinion, is also taken, as per requirement, for ensuring compliance.

Delays in project executions may adversely affect our implementations and revenues. The Company faces risks associated with the execution of any project. There are risks of project delays , discomfort due to system quality and weak customer engagements and thus ability to deliver large projects with quality and within agreed timeliness is to be carefully monitored.

Our customers' deployment timeframes vary based on many factors including the number and type of applications being deployed, the complexity and scale of the customers' businesses and operations, the configuration requirements, the number of integrations with other systems, and other factors, many of which are beyond our control. The delivery model requires great skills in seamlessly integrating delivery, ensuring smooth communications between the customer, onsite teams as well as offsite teams. Any apprehensions of the customer have to be handled very carefully. There is also a risk of order cancellation, loss of market goodwill, financial liability and losses due to overruns on projects.

From a project governance perspective, this risk can be accurately monitored by having a good project plan with well-defined work breakdown structure that will provide visibility into key activities associated with essential project deliverables. To mitigate this risk, we work on the basis of a well thought plan:

- continuous monitoring of Projects
  - o Product Development capacity augmentation to deliver contractual commitments
  - o Customer Expectation Management/ Connect with customer officials at relevant levels
  - o Schedule and Cost containment
  - o Continuous Improvement in System Quality/ Testing Automation
  - o Continual Risk Monitoring
  - o Regulatory requirements fulfilment
  - o Product quality improvements
- Product Development capacity augmentation to deliver contractual commitments. A new program "Recruitment Program outsource" has been initiated where agencies will be identified

for helping the organization in the overall recruitment process. These agencies will be working with the talent acquisition team of Nucleus.

- Focus on IPCM (Integrated Product Lifecycle Management)

We face strong competition across all markets for our products and services. The markets that we cater to, is highly competitive both from the perspective of new and existing competitors. We also expect that the markets in which we compete will continue to attract new well-funded competitors and new technologies, including technology companies, start-ups and international providers of similar products and services to ours. Our competitors range in size from Fortune 500 companies with significant research and development resources to small, specialized single-product businesses. In addition, we also compete with numerous small indigenous companies in various geographic markets. The Change in customer business model , is also a risk area as many of the areas in which we compete evolve rapidly with changing and disruptive technologies. Although we believe our product robustness is our competitive advantage, our competitors may be more effective in devoting technical, marketing, and financial resources to compete with us. In addition there is emerging competition from new players, specially for Bottom-of the-Pyramid customer segment. The competitors offer a full suite of services and tend to focus on providing end to end solutions. Due to slowing growth and depleting margins, traditional service providers are now focusing more on developing their product business which is further increasing the competitive intensity in the market.

These competitive pressures may result in decreased sales volumes, price reductions, and/or increased operating costs, such as for marketing and sales incentives, resulting in lower revenue, gross margins, and operating income. We compete based on our ability to offer to our customers' competitive integrated solutions that provide the most current and desired product and services features. Our ability to remain competitive depends on our success in making innovative products and services. A broad referral base created through years, also helps us derive an edge over competition. The Company lays constant focus on product differentiation as well as product diversification to mitigate this risk. To provide further flexibility to the customers the company is providing SaaS offering and flexible pricing options.

The Company is also continually investing in marketing mandated with the below objectives:

- Ensure that the Company is known to provide high quality, innovative lending and transaction banking solutions to the target markets.
- Establish company as Industry Thought Leader
- Fully equip the sales team with the material and tools required to sell the product or service they represent.

Non-utilization of Surplus Funds may affect growth. Over the years, internal cash accruals more than adequately covered the working capital requirements, capital expenditure and dividend payments. The Company has been consistently following a conservative investment policy maintaining a reasonably high level of cash and cash equivalents which enable the Company to not only eliminate short and medium term liquidity risks but also scale up operations at a short notice. Non- optimal utilization of the surplus funds may pose a risk. For ensuring continuity of business operations and to have liquidity in business, a mix of investments with some low earning assets has also to be maintained by the Company. Inadequate management of the investment mix of the Company could lead to either Shareholder Value destruction or a high exposure to the risk of liquidity crunch. The Company is regularly paying dividends. At the same time, the management is always scouting for investment options which are relevant and meaningful for in-organic growth.

We may not be able to adequately protect our Intellectual Property (IP) rights. Your Company has an IP led business model and globally licenses IP in the form of products for the Banking and Financial Services Industry. We rely on patent, copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. Protecting our global intellectual property rights and combating unlicensed copying and use of software and other intellectual property is challenging. Any inaction to prevent violation or misuse of intellectual property could cause significant damage to our reputation and adversely affect our revenue and results of operations.

We continue to make significant expenditure related to the use of technology and intellectual property rights as part of our strategy to manage this risk. The Company has system and processes in place to ensure protection to the intellectual property rights. As a policy, the Company develops own IP at its own cost using own resources and is actively engaged in seeking maximum legal protection for the Intellectual Property through a combination of trademarks, confidentiality procedures and contractual provisions.

Increased exposure with specific customers may impact our profitability. This may result in an increase in the credit risk and make us highly vulnerable for customers negotiating positions at the time of contract renewal or work distribution among multiple vendors. The group's profitability and revenues would be affected in case of loss of business with these major customers, significant downsizing of projects or moving work-in-house by them. Our top five and top ten customers generated approximately 38 % and 49 %, respectively, of our revenues for FY 19. The loss of any of our large customers could have a material adverse effect on our business and profitability. At the same time, large customers help us scale up revenues quickly and repeat-business contributes to higher margins through lower marketing costs. We being in the product space, enjoy enduring long-term relationships with large customers. These advantages and risks have to be balanced and we believe the solution is to increase the number of large customers, as business with existing customers is the backbone of our platform for providing complete product and services solutions.

We aim to build long term strategic relationships with Customers in order to maximise the value provided to both parties. Through strong relationships, we are able to further develop products according to industry needs and requirements. We believe that the solution is to increase the number of large customers, as business with existing customers is the backbone of the platform for providing complete product and services solutions

Our inability to maintain and devise effective internal control methods may affect us adversely. Until recently, many organizations were overly focused on a financial reporting controls-based monitoring framework. But the global financial crisis highlighted that many of the most impactful risks stem from external circumstances. Moving forward, risk management and control systems should take a wider perspective since organizations exist as part of an open system of dynamic variables. While we may introduce the best of processes

Risk Management Report

to check and prevent error, inherent limitations like that of human error etc. cannot be ruled out and hence internal control might not prevent or detect all misstatements or fraud. The Company has an Internal Control System commensurate with the size, scale and complexity of operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2019.

BSR Associates and LLP, the statutory auditors of the Company has audited the financial statements included in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

Our prime focus on providing products and services only in the BFS domain to Banks and Financial Institutions exposes us to the risk of Industry concentration. For the foreseeable future, we expect to continue to derive our revenues from products and services we provide to the financial services industry. Given this concentration, we are exposed to the global economic conditions in the financial services industry. A slowdown in economy translates to reduction or a delay in technology spending decisions by banking & financial services firms, which could have adverse effect on our business and financial conditions. The BFSI industry segment is witnessing an increased spend on strategic initiatives like automation, digitisation and simplification. Digitisation is now the default strategy for banks. The digital revolution is redrawing the boundaries of financial services and lowering entry barriers encouraging challengers to emerge. While acknowledging this risk, we continue to focus on this sector and are confident that our "Value" based solutions will find greater market success. Our focus now is on improving efficiency by maintaining the existing operations at a lower cost. Also to be proactive and keep a sense of agility, knowledge sessions and continuous trainings for required skill sets, empowering the work force with latest tools, and technical designs.

The present situation emphasizes the need for a strong risk management strategy to sense and avert systemic failures.

Security vulnerabilities and business continuity risk pose a threat to successfully running our operations. Our inability to put in place a Business Continuity Plan (BCP) to ensure the maintenance or recovery of operations, including service delivery to the consumers, when confronted with adverse events such as a disruption or failure of our systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event which could cause delays in completing sales, providing services, or performing other mission-critical functions. A significant portion of our research and development activities, and certain other critical business operations are located in Noida, India (our corporate headquarters) which is adjacent to the national capital of India, Delhi. Here it may be worthwhile to mention that, according to a seismic zoning map issued by the Bureau of Indian Standards and quoted in the National Disaster Management (NDM) report, Delhi belongs to Zone IV, a severe intensity seismic zone. Any catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations.

To counter this risk, we have setup an Online disaster recovery site to replicate our IPR (Source code) in different seismic zone and backup copy on tape. In addition to this we are also having Disaster Recovery setup for few customers in different seismic zone who has agreement with Nucleus for business continuity and uninterrupted support. Though this facility is not in place for all the customers. The Company is continuously investing in security of its operations & processes and evaluating the risks on periodic basis. We are an ISO 27001: 2013 (ISMS) certified organization, which reflects our attitude to increase adherence to secure practices. On the security front, strict procedures are in place to control the level of access to Datacenters and other sensitive areas. Access to the premises is controlled through Biometric access control systems and proximity cards. The Company has invested significantly in a state of the art network infrastructure for managing its operations and for establishing high-speed redundant links to overseas destinations. Additionally, the Internet filtering tools prevent any type of non-business usage over Internet within office and outside office. We have implemented Data loss prevention on mail gateway and laptops to safe guard the company IPR.

Adverse geo-political and market conditions may harm our business. Our business is influenced by a range of factors that are beyond our control. These include:

- General economic and business conditions;
- The overall demand for enterprise software;
- Customer budgetary constraints or shifts in spending priorities; and
- General political developments

The banking software industry is highly competitive and continues to evolve and innovate at a rapid rate. The rate of potential product obsolescence and level of competition amongst the providers is significant. We respond to these economic conditions through our commitment to product innovation and new product strategies.

Your Company has customers located in more than 50 countries and nearly 70% of the revenue comes from international sales. The global nature of business creates operational and economic risks such as deterioration of social, political or economic condition in a country or region and difficulties in staffing and managing foreign operations.

Adverse geo-political and economic conditions leading to negative / low GDP growth may cause lower IT spending and adversely affect our revenue. Customers may curtail and /or postpone their budgets for investments in technology. Challenging economic conditions also may impair the ability of our customers to pay for products and services they have purchased. As a result, provision for doubtful accounts and write-offs of accounts receivable may increase. Our global exposure enables us to leverage growth from both Developed and emerging economies and focusing on value based solutions which enable our customers to significantly reduce cost in a difficult environment.

Risks Associated with Acquisitions and New Product Lines and Markets. The transactions and arrangements such as acquisitions and development and launch of new product categories and product lines, involve significant challenges and risks including that they do not advance our business strategy, that projected or satisfactory level of sales, profits and/or return on investment for a new business will not be generated, that we have difficulty, delays and/or unanticipated costs in integrating the business, operations, personnel, and/or systems of an acquired business or that they distract management from our other businesses, the Company's ability to retain and appropriately motivate key personnel of an acquired business. The success of these transactions and arrangements will depend in part on our ability to leverage them to enhance our existing products and services or develop compelling new ones. It may take longer than expected to realize the full benefits from these transactions and arrangements, such as increased revenue, enhanced efficiencies, or increased market share, or the benefits may ultimately be smaller than we expected.

There is always an inherent risk of Insider Trading that may happen in the shares of your public Limited Company. With your Company shares listed on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd., there is always an inherent risk of Insider Trading that may happen in the shares of the Company. Trading in Nucleus shares by the designated employees of the Company on the basis of price sensitive information or communication counseling or procuring any unpublished price sensitive information to or from any person may be termed as insider trading. Insider trading is a matter of concern for the Management of the Company and to mitigate this risk, " Code for Prevention of Insider Trading" is implemented in the Company, and is reviewed by the Audit Committee time and again to ensure compliance and updation with the regulatory amendments. Secretarial audit includes a review of policies and processed governing any trading in the Company's shares by various stakeholders.

We have partnerships with third parties for product delivery; failure on their part to deliver, could affect our performance. In some cases, we partner with third party vendors, for both software and hardware, who provide embedded or aligned products to support the services and product offerings provided by us. In such instances, our ability to deliver complete solution to our customers depends on our and our partners' ability to meet the quality standards of our customers'. If we or our partners fail to deliver appropriately, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenue and profitability. Also, if we fail to develop new relationships and enhance existing relationships with channel partners, software suppliers, system integrators, and independent software vendors (ISVs) that contribute to the success of our products and services, our business, financial position, profit, and cash flows may be adversely impacted. To counter this risk the Company has a dedicated Alliance Management Team to enhance the partnership with reputed firms and ensure proper contractual formalities before aligning with any such partner to reduce or limit the risk of their non/low performance.

INDEPENDENT AUDITORS' REPORT

To the Members of Nucleus Software Exports Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nucleus Software Exports Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income) , consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Description of Key Audit Matter

<table>
<tr><th colspan="2">Significant Judgments requirement in estimating percentage of work completed in fixed price contracts

See note 1.2.i (e) to the consolidated financial statements</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Revenue from fixed price contracts for sale of license and related customization and implementation is recognized in accordance with the percentage completion method calculated based on output method. For the year ended 31 March 2019, revenue amounting to ₹ 48,403 lacs has been recognized respectively from the sale of software products and rendering of services to the customers. The revenue on fixed price contract is recognized based on the percentage of work completed which is estimated by the group basis the completion of milestones and activities as agreed with the customers. Due to large variety and complexity of activities performed, significant judgments are required to estimate percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended 31 March 2019.</td><td>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

– Obtaining an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. We documented the controls and made assessment of the effectiveness of their design. We also performed walk through tests to assess whether the controls were operating as designed.

– Involving independent IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion were derived from a system that is operating effectively.

– Selecting a sample of contracts, using a mix of quantitative and qualitative criteria, and performing the following procedures for each contract selected:

o inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract;

o inquiring of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules;

o checking project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualization of efforts for delivered projects and past data;</td></tr>
</table>

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts See note 1.2.i (e) to the consolidated financial statements	
	o checking the details of the activities completed with those stated in the customer contract, details of activities completed as provided by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmation which forms the basis of percentage of completion; o testing the sample to underlying invoices to customer and cash receipts from customers; and o Performing ageing analysis and analytical procedures, based on revenue trends, to assess the movements in the accrual.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements / financial information of three subsidiaries, whose financial statements/financial information reflect total assets of ₹ 3,749 lakhs as at 31 March 2019, total revenues of ₹.8,508 and net cash flows amounting to ₹ 742 lakhs for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group- Refer Note 2.33 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037

Place: Noida
Date: 23 April 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Nucleus Software Exports Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Sd/-
Manish Gupta
Partner
Membership No: 095037

Place: Noida
Date: 23 April 2019

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,472	4,389
Intangible assets under development		2	-
Goodwill on consolidation		67	317
Other Intangible assets	2.1	180	128
Financial assets			
Investments	2.2	24,837	24,131
Trade receivables	2.3	-	272
Loans	2.4	7	9
Other financial assets	2.5	390	1,145
Deferred tax asset	2.6	786	1,199
Income tax asset (net)	2.7	1,674	1,349
Other non-current assets	2.8	190	70
		32,605	**33,009**
Current Assets			
Financial assets			
Investments	2.9	17,606	14,542
Trade receivables	2.10	7,113	7,906
Cash and cash equivalents	2.11	4,452	4,228
Other bank balances	2.12	3,842	2,727
Loans	2.13	28	29
Other financial assets	2.14	227	29
Other current assets	2.15	2,664	2,258
		35,932	31,719
Total Assets		**68,537**	**64,728**
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	2.16	2,904	2,904
Other equity	2.17	47,951	43,226
Total equity attributable to equity holders of the company		**50,855**	**46,130**
Non- controlling interest		-	-
Total Equity		**50,855**	**46,130**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.18	39	91
Deferred tax liabilities	2.19	8	189
Provisions	2.20	776	624
		823	**904**
Current liabilities			
Financial liabilities			
Trade payables	2.21		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,226	5,406
Other financial liabilities	2.22	4,410	26
Provisions	2.23	215	186
Curent tax liabilities (net)	2.24	181	187
Other current liabilities	2.25	10,827	11,889
		16,859	**17,694**
TOTAL EQUITY AND LIABILITIES		**68,537**	**64,728**
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-	**Sd/-**	**Sd/-**
SIDDHARTHA MAHAVIR ACHARYA *Chairman*	**VISHNU R DUSAD** *Managing Director*	**RAVI PRATAP SINGH** *CEO & Whole-time Director*
Sd/-	**Sd/-**	
ASHISH NANDA *Chief Financial Officer*	**POONAM BHASIN** *AVP (Secretarial) & Company Secretary*	

Noida
23 April 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

		Notes Ref.	For the year ended 31 March 2019	31 March 2018
1.	**REVENUE FROM OPERATIONS**			
	Income from software product and services	2.26	48,403	41,181
2.	**OTHER INCOME**	2.27	2,748	2,872
3.	**TOTAL INCOME (1+2)**		**51,151**	**44,053**
4.	**EXPENSES**			
	a. Employee benefits expense	2.28	31,353	27,697
	b. Operating and other expenses	2.29	9,125	7,615
	c. Finance cost	2.30	51	51
	d. Depreciation, amortisation and impairment expense	2.1	993	704
	TOTAL EXPENSES		**41,522**	**36,067**
5.	**PROFIT BEFORE TAX (3-4)**		**9,629**	**7,986**
6.	**TAX EXPENSE**			
	a. Current tax expense		2,328	1,511
	b. Deferred tax (credit) /charge	2.6	(153)	220
	NET TAX EXPENSE		**2,175**	**1,731**
7.	**PROFIT FOR THE YEAR (5-6)**		**7,454**	**6,255**
8.	**OTHER COMPREHENSIVE INCOME**			
	(A) (i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans,net		(127)	48
	b) Equity Instruments through Other Comprehensive Income, net		6	(196)
	(ii) Tax relating to Items that will not be reclassified to profit or loss		(5)	5
	(B) (i) Items that will be reclassified subsequently to profit or loss			
	a) Exchange difference on translation of foreign operations		36	147
	b) Effective portion of gains and loss on hedging instruments in a cash flow hedge, net		178	(153)
	(ii) Tax relating to Items that will be reclassified subsequently to profit or loss		(62)	(1)
	TOTAL OTHER COMPREHENSIVE INCOME		**26**	**(150)**
9.	**TOTAL COMPREHENSIVE INCOME (7+8)**		**7,480**	**6,105**
	Profit attributable to			
	Owners of the Company		7,454	6,255
	Non- controlling interest		-	-
			7,454	**6,255**
10	**Total comprehensive income attributable to**			
	Owners of the Company		7,480	6,105
	Non- controlling interest		-	-
			7,480	**6,105**
11.	**EARNINGS PER EQUITY SHARE**	2.35		
	Equity shares of Rupees 10 each			
	a. Basic (₹)		25.67	20.47
	b. Diluted (₹)		25.67	20.47
	Number of shares used in computing earnings per share			
	a. Basic		2,90,40,724	3,05,61,102
	b. Diluted		2,90,40,724	3,05,61,102
	See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

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Noida
23 April 2019

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Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
23 April 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Net profit before tax	9,629	7,986
Adjustment for:		
Depreciation and amortisation expense	993	704
Exchange gain / loss on translation of foreign currency accounts (net)	190	68
Dividend received from current, non trade investments	(730)	(832)
Dividend received from non-current, non trade investment	(57)	(125)
Interest on fixed deposits and others	(1,687)	(1,701)
MTM gain / (loss) on mutual funds	(358)	(39)
Net gain on sale of investments	(9)	-
Profit on sale of fixed assets (net)	(34)	3
Provision for doubtful debts / advances	40	37
Discounting of staff loan and secruity deposit	(21)	-
Provision for impairment of Investment	601	-
Operating profit before working capital changes	**8,557**	**6,101**
Adjustment for (increase) / decrease in operating assets		
Trade receivables	974	(1,339)
Loans and other assests	(888)	(771)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(4,168)	1,854
Provisions and other liabilities	3,475	3,627
	7,950	9,472
Net Income taxes paid	(2,341)	(1,779)
Net cash from operating activities (A)	**5,609**	**7,693**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment, intangible assets including intangible assets under development	(875)	(726)
Proceeds from sale of property, plant and equipment	37	-
Cash outflow on acquisition of subsidiary		
Goodwill on consolidation	(158)	-
Net payments to acquire mutual funds, tax free bonds and preference shares	(31,995)	(38,212)
Proceeds on sale of mutual funds, tax free bonds,debentures and preference shares	29,188	44,757
Net gain on sale of investments	9	-
Bank balance not considered as cash and cash equivalents - placed	(2,805)	(2,481)
Bank balance not considered as cash and cash equivalents - matured & Reclassified to bank balance	2,602	1,287
Interest on fixed deposits and others received	1,161	1,468
Net cash (used in) / from investing activities (B)	**(2,836)**	**6,092**
C. Cash flow from financing activities		
Buyback of equity shares	-	(11,701)
Dividend paid (including corporate dividend tax)	(2,598)	(1,770)
Net cash (used in) in financing activities (C)	**(2,598)**	**(13,471)**
Net increase in cash and cash equivalents (A+B+C)	**175**	**314**
Opening cash and cash equivalents	4,228	3,955
Exchange difference on translation of foreign currency bank accounts	49	(41)
Closing cash and cash equivalents	**4,452**	**4,228**
Supplementary information		
Restricted cash	47	46

Notes:

(i) Figures in brackets indicate cash outflow.

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

In terms of our report attached

For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/- **SIDDHARTHA MAHAVIR ACHARYA** *Chairman*	**Sd/-** **VISHNU R DUSAD** *Managing Director*	**Sd/-** **RAVI PRATAP SINGH** *CEO & Whole-time Director*
Sd/- **ASHISH NANDA** *Chief Financial Officer*	**Sd/-** **POONAM BHASIN** *AVP (Secretarial) & Company Secretary*	

Noida
23 April 2019

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in ₹ Lacs unless otherwise stated)

Balance as of 1 April 2018	Changes in equity share capital during the year	Balance as on 31 March 2019
2,904	-	2,904

Balance as of 1 April 2017	Changes in equity share capital during the year	Balance as on 31 March 2019
3,239	335*	2,904

*(Change in equity share capital rounded off to ₹ 335 lacs hence this is not equivalent to addition to capital redumption reserve of ₹ 334 lacs)

B. Other Equity

	Reserves and Surplus					Items of OCI				Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign Currency translation reserve	Equity instrument through other comprehensive income	Re-measurements of the defined benefit plans	
Balance as of 1 April 2018	89	-	334	661	41,306	2	5	839	(10)	43,226
Profit for the year	-	-	-	-	7,454	-	-	-	-	7,454
Dividend on equity shares	-	-	-	-	(2,323)		-	-	-	(2,323)
Corporate dividend tax	-	-	-	-	(275)	-	-	-	-	(275)
Effective gain on hedging instruments	-	-	-	-	-	117	-	-	-	117
Exchange difference on translation of foreign operations	-	-	-	-	-	-	36	-	-	36
Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	6	-	6
Remeasurements of the defined benefit plans	-	-	-	-	-	-	-	-	(132)	(132)
Goodwill on subsequent purchase of remaining shares in subsidiary	-	-	-	-	(158)	-	-	-	-	(158)
Attributable to owners of the company	**89**	**-**	**334**	**661**	**46,004**	**119**	**41**	**845**	**(142)**	**47,951**
Balance as of 31 March 2019	**89**	**-**	**334**	**661**	**46,004**	**119**	**41**	**845**	**(142)**	**47,951**

STATEMENT OF CHANGES IN EQUITY

	Reserves and Surplus					Items of OCI				Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign Currency translation reserve	Equity instrument through other comprehensive income	Re-measurements of the defined benefit plans	
Balance as of 1 April 2017	89	219	-	8,888	40,075	156	(142)	1,035	(63)	50,257
Profit for the year	-	-		-	6,255	-	-	-	-	6,255
Dividend on equity shares	-	-	-	-	(1,619)	-	-	-	-	(1,619)
Corporate dividend tax	-	-	-	-	(151)	-	-	-	-	(151)
Effective gain on hedging instruments	-	-	-	-	-	(154)	-	-	-	(154)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	147	-	-	147
Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	(196)	-	(196)
Remeasurements of the defined benefit plans	-	-	-	-	-	-	-	-	53	53
Addition for buy-back of equity shares (see note 2.17)	-	-	334	-	-	-	-	-	-	334
Ùtilised for buy back of equity shares (see note 2.17)	-	(219)	-	(8,227)	(3,254)	-	-	-	-	(11,700)
Attributable to owners of the company	**89**	**-**	**334**	**661**	**41,306**	**2**	**5**	**839**	**(10)**	**43,226**
Balance as of 31 March 2018	**89**	**-**	**334**	**661**	**41,306**	**2**	**5**	**839**	**(10)**	**43,226**

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

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Noida
23 April 2019

Notes forming part of the consolidated financial statements

Note 1:

1.1 Reporting Entity

Nucleus Software Exports Limited ('Nucleus' or 'the Company' or "the Holding Company") was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 31 March, 2019, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

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

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

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

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

The consolidated financial statements were approved for issue by the Board of Directors on 23 April, 2019.

b) Functional and Presentation currency

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

c) Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

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

All other liabilities are classified as non-current.

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

Operating cycle

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

d) Basis of measurement

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

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

e) Use of estimates and judgements

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

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

Judgments

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

- Leases: whether an arrangement contains a lease – Note 1.2 (xv)
- Lease classification – Note 2.32
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15
- Consolidation: whether the Group has de facto control over an investee.- Note 1.2 (ii)

Assumptions and estimation uncertainties

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

- Estimation of deferred tax asset and liabilities – Note 2.6 and Note 2.19
- Estimated useful life of property, plant and equipment and Intangible assets– Note 1.2 (v) and.(vi)
- Estimation of defined benefit obligations-– Note 2.40
- Impairment of trade receivables- Note 2.3 and Note 2.10
- Impairment of Goodwill – Note 2.44
- Impairment loss on preference shares carried at amortised cost-Note 2.2

f) Measurement of fair values

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Basis of Consolidation

a) Business combinations

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

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

over the fair value of the net identifiable assets acquired is recorded as goodwill and tested for impairment annually. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the

Notes forming part of the consolidated financial statements

difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

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

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

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

b) Subsidiaries

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

c) Non-controlling interests (NCI)

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

d) Loss of control

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

e) Transactions eliminated on consolidation

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

iii. Revenue Recognition

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

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

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognized in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

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

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

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

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

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

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

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

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

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the

Notes forming part of the consolidated financial statements

original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

iv. Other income

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

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

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

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

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

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

v. Property, Plant and equipment

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

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

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

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

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

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

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

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

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

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

vi. Intangible assets

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

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

Notes forming part of the consolidated financial statements

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

For measurement of goodwill that arises on a business combination (see Note 1.2 (ii) (a))

Subsequent measurement is at cost less any accumulated impairment losses.

Amortisation

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

The estimated useful lives are as follows:

- Softwares 3-5 years

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

vii. Financial instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

d) Offsetting

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

Notes forming part of the consolidated financial statements

e) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

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

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

viii. Impairment

a) Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

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

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

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

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

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

ix. Provisions (other than for employee benefits)

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

Post Sales client support and warranties

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

Onerous contracts

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

x. Foreign Currency

a) Foreign currency transactions

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

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

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

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation

Notes forming part of the consolidated financial statements

of the following items which are recognised in OCI:

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

b) **Foreign operations**

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

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

xi. Earnings per share

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

xii. Taxation

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

a) Current tax

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

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

b) Deferred tax

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

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

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

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

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

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

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

xiii. Employee benefits

a. India

Employee benefit includes provident fund, gratuity and compensated absences.

Defined contribution plans

The Group's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

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

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

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

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

b. Singapore

The Company's contribution to central provident fund is deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

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

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

Employee stock option based compensation

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

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

Notes forming part of the consolidated financial statements

xiv. Cash Flow Statement

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

xv. Leases

a. **Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

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

b. Lease payments

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

xvi. Research and development

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

xvii. Recent accounting pronouncements

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 1 April 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. The Group is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from 1 April 2019, the Group will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease.

On preliminary assessment, for leases other than short-term leases and leases of low value assets, the Group will recognise a right-of-use asset of ₹ 660 lakhs and a corresponding lease liability of ₹ 700 lakhs with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Company is a lessor.

No significant impact is expected for the leases in which the Company is a lessor.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendment requires an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes forming part of the consolidated financial statements

2.1 Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	Deemed cost As at 1 April, 2018	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2019	As at 1 April, 2018	Depreciation for the year	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2019	As at 31 March 2019	As at 31 March, 2018
Tangible assets										
Freehold land	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Leasehold land	2,144	-	-	2,144	41	20	-	61	2,083	1,638
	(1,678)	-	-	(1,678)	(20)	(20)		(40)	(1,638)	(1,658)
Leasehold improvements	14	-	-	14	14	-	-	14	-	-
	(12)	-	2	(14)	(11)	(1)	2	(14)	-	(1)
Buildings	1,534	27	-	1,561	206	111	-	317	1,244	1,794
	(1,974)	(26)	-	(2,000)	(101)	(105)	-	(206)	(1,794)	(1,873)
Plant and equipment	284	61	-	345	184	36	-	220	125	100
	(242)	(41)	1	(284)	(141)	(43)	-	(184)	(100)	(101)
Computer equipment	1,310	426	8	1,728	727	344	6	1,065	663	582
	(863)	(444)	3	(1,310)	(400)	(324)	4	(728)	(582)	(463)
Vehicles	247	93	13	327	85	64	12	137	190	161
	(214)	(84)	(51)	(247)	(54)	(57)	(25)	(86)	(161)	(160)
Furniture and fixtures	100	86	-	186	20	33	-	53	133	80
	(14)	(88)	(2)	(100)	(11)	(12)	(3)	(20)	(80)	(3)
	5,667	**693**	**21**	**6,339**	**1,277**	**608**	**18**	**1,867**	**4,472**	**4,389**
	(5,031)	**(683)**	**(47)**	**(5,667)**	**(738)**	**(562)**	**(22)**	**(1,278)**	**(4,389)**	**(4,293)**
Intangible assets										
Software	654	186	1	839	526	135	2	659	180	128
	(570)	(84)	-	(654)	(384)	(142)	-	(526)	(128)	(186)
Total	**6,321**	**879**	**22**	**7,178**	**1,803**	**743**	**20**	**2,526**	**4,652**	**4,517**
Previous year	(5,601)	(767)	(47)	(6,321)	(1,122)	(704)	(22)	(1,804)	(4,517)	(4,479)

Notes :

(i) Depreciation, amortisation and impairment expense comprise :

-Depreciation for the year	743
- Impairement of goodwill on consolidation (see note 2.44)	250
	993

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

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

(iv) Figures in bracket pertains to previous year ended 31 March, 2018/ 31 March, 2017

Notes forming part of the consolidated financial statements

2.2 A. NON-CURRENT INVESTMENTS (at cost)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
- Non trade		
Investment in equity instruments (quoted)		
Equity shares at FVOCI		
250,000 (250,000) equity shares of ₹. 10 (₹. 10) each, fully paid up, in Ujjivan Financial Services Limited	**870**	**864**
Investment in Preference Shares (quoted)		
Preference shares at Amortised cost		
a. 8.15% L&T Finance Holding Ltd.(Pref. Share - 2020)	1,393	1,395
b. 16.46% Infrastructure Leasing & Financial Services Ltd. (Pref. Share - 2022)	501	541
Less: Provision for impairment of investment	(501)	-
c. 17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	100	100
Less: Provision for impairment of investment	(100)	-
d. 8.33% Tata Capital Ltd (Pref. Shares - 2022)	116	116
e. 7.50% Tata Capital (Pref. Shares - 2020)	1,500	1,500
f. 8.33% Tata Capital (Pref. Shares - 2021)	-	504
Investment in Preference Shares (unquoted)		
Preference shares at Fair value through profit or loss (FVTPL)		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	556	-
b. 10% Tata Motors Finance Ltd (CCPS - 2025)	2,129	-
Investment in Preference Shares (unquoted)		
Preference shares at Amortised cost		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	-	534
Investment in bonds (quoted)		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	977	965
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	539	540
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	477	480
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	519	519
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,114	2,126
f. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,031
g. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
h. 7.21% India Infrastructure Finance Company Limited Tax Free Bonds 2022	-	516
i. 7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	309	310
j. 8.20% Power Finance Corporation Tax Free Bonds 2022	64	64
k. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
l. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
m. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds2031	142	142
n. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	108	109
o. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
p. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
q. 7.21% Power Finance Corporation (PFC) Tax Free Bonds 2022	514	515
r. 7.35% Indian Railway Finance Corporation Tax Free Bonds 2031	122	122
s. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars		As at 31 March 2019	As at 31 March 2018
t.	8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	553	562
u.	8.51 Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds2024	557	-
Investment in mutual funds (quoted)			
Fixed maturity plan at Amortised cost			
a.	HDFC FMP 1169D February 2017 (1)	579	541
b.	HDFC FMP 1150D February 2017 (1)	347	324
c.	Birla Sun Life Fixed Term Plan-Series OT (1117 days)	560	524
d.	ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,120	1,046
e.	ICICI Prudential FMP - Series 82 - 1225 Days Plan B	546	509
f.	UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	546	509
g.	Reliance Fixed Horizon Fund XXXV (1227 days) -series 12	540	504
h.	Birla Sun Life Fixed Term Plan-Series OY (1218 days)	546	509
i.	ICICI Prudential FMP - Series 82 - 1203 Days Plan K	542	504
j.	Reliance Fixed Horizon Fund XXXVI - Series 6	540	503
k.	UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	539	501
Investment in mutual funds (unquoted)			
Mutual funds at Fair value through profit or loss (FVTPL)			
a.	Axis ST Direct- Weekly Dividend	-	656
b.	UTI ST Income-IP-Monthly Dividend	-	314
c.	HDFC Corporate Bond Fund - Growth-Direct	261	248
d.	DSP BlackRock Banking & PSU Debt Fund - Growth- Direct	547	507
e.	ICICI Prudential Income Opportunities Fund - Growth- Direct	540	506
f.	IDFC Corporate Bond Fund - Growth- Direct	688	641
g.	L&T Short Term Opportunities Fund - Growth- Direct	550	509
h.	Reliance FRF - ST - Growth- Direct	544	508
		23,967	**23,267**
Aggregate amount of non current-investments		**24,837**	**24,131**
Aggregate amount of quoted investments		19,021	20,242
Aggregate market value of quoted investments		19,651	20,055
Aggregate amount of unquoted investments		5,815	3,889
Aggregate amount of impairment in value of quoted investments		601	-

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

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

	Fair value as at 31 March 2019	Dividend income recognised during year ended 31 March 2019	Fair value as at 31 March 2018
Investment in Ujjivan Financial Services Limited	870	1	864

No strategic investments were disposed off duringyear ended 31 March 2019 as well in previous year 2017-18 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.3	**NON - CURRENT TRADE RECEIVABLES**		
	(Unsecured)		
	a. Trade receivable Considered good	-	272
		-	**272**
2.4	**LOANS**		
	(a) Loans and advances to employees		
	Loans Receivables considered good - Unsecured	7	9
		7	**9**
2.5	**OTHER NON-CURRENT FINANCIAL ASSETS**		
	(Unsecured considered good unless otherwise stated)		
	(a) Security deposits	371	295
	(b) Long-term bank deposits	19	850
		390	**1,145**

[Long term bank deposits include deposits held with bank for maturity more than 12 months from balance sheet date ₹ 19 Lacs (31 March 2018 ₹ 17 lacs) under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.]

2.6 DEFERRED TAX ASSET (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	2,328	1,511
Deferred tax	(153)	220
Net tax expense	**2,175**	**1,731**

B.

Income tax recognised in other comprehensive income	**Before tax**	**Tax expense / (benefit)**	**Net of tax**
Remeasurements of net defined benefit plans	(127)	(5)	(132)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	178	(62)	116
Income tax recognised in other comprehensive income	**51**	**(67)**	**(16)**

C. Reconciliation of effective tax rate

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

Particulars	Percentage	For the year ended 31 March, 2019	Percentage	For the year ended 31 March, 2018
Profit before tax		**9,629**		**7,986**
Computed tax expense	34.94%	3,365	34.61%	2,764
Effect of exempt non-operating income	-8.3%	(803)	-11.2%	(891)
Effect of non- deductible expenses	2.9%	278	0.6%	48
Additional deduction on research and development expenses	-5.1%	(494)	-5.7%	(459)
Taxes on income at different rates	-3.2%	(303)	-3.3%	(263)
Tax effect due to non taxable income for Indian tax purpose	5.0%	481	5.6%	450
Tax reversals, overseas and domestic	-1.9%	(181)	0.3%	21
Branch tax	0.1%	10	0.2%	15
Tax on undistributed reserves of subsidiaries	0.0%	-	2.2%	175
Effect of subsidiaries different tax rates	-1.8%	(178)	-1.6%	(129)
Effective tax	**22.6%**	**2,175**	**21.7%**	**1,731**

Notes forming part of the consolidated financial statements

2.6 DEFERRED TAX ASSET (NET) (CONT'D)

(Amount in ₹ Lacs unless otherwise stated)

Particular		Opening As at 1 April 2018	Recognised [(Credited)/ Charge] in profit or loss during the year	Recognised [(Credited)/ Charge] in OCI during the year	MAT utilisation during the year	As at 31 March 2019
a.	**Deferred tax assets**					
	Provision for compensated absences, gratuity and other employee benefits	404	(268)	5		667
	Provision for doubtful debts / loans and service income accrued but not due	434	12	-		422
	Forward contracts	(1)	-	62		(63)
	MAT credit entitlement	481	7	-	318	156
	Trade receivables, security deposit and loans at amortised cost	48	17	-		31
	Investment in preference shares	-	-			-
	Asset retirement obligation	4	(0)	-		4
		1,370	**(232)**	**67**	**318**	**1,217**
b.	**Deferred tax liabilities**					
	Property, plant and equipment	88	-	-		88
	Investments	83	85	-	-	168
	Undistributed reserves of subsidiaries	-	175			175
		171	**260**	**-**	**-**	**431**
	Net deferred tax asset	**1,199**	**28**	**67**	**318**	**786**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars		As at 31 March 2019	As at 31 March 2018
2.7	**INCOME TAX ASSETS (NET)**			
	Balances with government authorities			
	a.	Advance tax	1,674	1,349
			1,674	**1,349**
2.8	**OTHER NON CURRENT ASSETS**			
	(Unsecured, considered good)			
	a	Employee advances	38	38
	b	Capital advances	-	21
		Less : Provision for doubtful advances	-	(14)
			-	7
	c.	Prepaid expenses	5	1
	d.	Advance payment to gratuity trust (see note 2.40)	110	-
	e.	Deferred rent	37	24
			190	**70**

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

a. Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March, 2019	As at 31 March, 2018
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	838	540
Baroda Pioneer Treasury Advantage Fund - Plan B - Daily Dividend Reinvestment	-	1,672
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	880	832

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March, 2019	As at 31 March, 2018
Aditya Birla Sun Life Floating Rate-Long Term -Direct Plan-Daily Dividend Reinvestment	-	84
Aditya Birla Sun Life Savings Fund - Direct Plan - Daily Dividend Reinvestment	-	129
Aditya Birla Sun Life Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	611
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	1,754	1,027
HDFC Floating Rate Income Fund - Short term Plan- Wholesale Option - Direct-DDR	-	363
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	562	311
ICICI Prudential Ultra Short Term Plan- Direct Plan- Daily Dividend Reinvestment	-	232
ICICI Prudential Flexible Income Plan - Direct Plan - Daily Dividend Reinvestment	-	181
ICICI Prudential Liquid Fund- Direct Plan- Daily Dividend Reinvestment	544	336
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	711	670
IDFC Money Manager Fund - Investment Plan-Daily Dividend-Direct Plan	-	29
IDFC Ultra Short Term Fund - Direct Plan - Daily Dividend	-	31
Invesco India Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	169
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	3,276	3,095
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	708	562
Reliance Arbitrage Fund-Direct Monthly Dividend Plan	1,164	1,095
Reliance Medium Term Fund-Direct Plan Daily Dividend Plan		1
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	546	-
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	454	-
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	786	-
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	643	-
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	667	-
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	630	-
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	753	-
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	477	-
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	617	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	886	-
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	331	-
Kotak Money Market Scheme - Direct Plan - Daily Dividend Reinvestment	43	42
Kotak Savings Fund - Direct Plan - Daily Dividend Reinvestment	-	248
Kotak Liquid Fund - Direct Plan - Daily Dividend Reinvestment	336	-
-Fixed Maturity Plans/Interval Plans (quoted)		
HDFC FMP 1128D March 2015(1) Direct Growth	-	637
ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	-	636
Investment in Preference Shares (quoted)		
9% L&T Finance Holdings Limited -Preference Shares 2018	-	1,009
Aggregate amount of investments	**17,606**	**14,542**
Aggregate amount of quoted investments	-	2,282
Aggregate market value of quoted investments	-	2,277
Aggregate amount of unquoted investments	17,606	12,260

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.10	**CURRENT TRADE RECEIVABLES**		
	a. Trade receivables considered good - Unsecured	7,113	7,906
	b. Trade receivables - credit impaired	258	240
		7,371	8,146
	Less: Provision for doubtful trade receivables	(258)	(240)
		7,113	7,906
		7,113	**7,906**
2.11	**CASH AND CASH EQUIVALENTS**		
	A. Cash and cash equivalents		
	a. Cash on hand	1	1
	b. Remittance in transit	-	86
	c. Balances with scheduled banks:		
	- in current accounts	139	69
	- in EEFC accounts	1,131	1,319
	d. Balance with non scheduled banks in current accounts:		
	-Citibank, United Kingdom	8	16
	-Citibank, U.A.E	29	17
	-Citibank,USA	21	30
	-Citibank, Singapore	309	556
	-PNC Bank, USA	46	28
	-Citibank,USA	263	256
	-Bank of Tokyo Mitsubishi, Japan	32	14
	-Citibank, Japan	277	413
	-Citibank, Australia	113	49
	-Nedbank, South Africa	42	50
	-Citibank, Netherlands	20	26
	e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	2,021	1,298
		4,452	**4,228**
	Total - Cash and cash equivalents	**4,452**	**4,228**
2.12	**OTHER BANK BALANCES**		
	a. Balances with scheduled banks in earmarked accounts:		
	- unclaimed dividend accounts	40	24
	b. Balances with scheduled banks in deposit accounts with original maturity of more than 3 months :		
	- Maturity with in 12 months of the reporting date	3,802	2,703
	Total - Other bank balances	**3,842**	**2,727**

[Balance with scheduled banks in deposit accounts include ₹ 47 lacs (31 March 2018 ₹ 46 lacs) which are under lien and restricted from being settled with in 12 months from the balance sheet date.]

Notes forming part of the consolidated financial statements

2.13 LOANS

	(Unsecured)		
a.	Loans and advances to employees		
b.	Loans Receivables considered good - Unsecured	28	29
		28	**29**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.14	**OTHER CURRENT FINANCIAL ASSETS**		
	(Unsecured considered good unless otherwise stated)		
a.	Security deposit	4	-
b.	Mark-to-market gain on forward contracts	183	3
c.	Expenses recoverable from customers	40	26
		227	**29**
2.15	**OTHER CURRENT ASSETS**		
	(Unsecured)		
a.	Service income accrued but not due		
	Unsecured		
	Considered good	1,667	1,328
	Credit impaired	218	214
		1,885	1,542
	Less : Provision for service income accrued but not due	(218)	(214)
		1,667	**1,328**
b	Employee advances	101	63
c.	Prepaid expenses (considered good)	344	399
d.	Contract cost	70	-
e.	Balances with Government authorities (considered good)		
	- GST/ VAT credit receivable	19	124
	- Interest on tax refund receivable	43	-
f.	Others		
	- Supplier advances		
	Considered good	415	341
	Credit impaired	2	1
		417	342
	Less : Provision for doubtful advances	(2)	(1)
		415	341
g.	Deferred payroll	5	3
		2,664	**2,258**

2.16 SHARE CAPITAL

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
a.	**Authorised**		
	Equity shares		
	40,000,000 (40,000,000) equity shares of ₹. 10 each	**4,000**	**4,000**
b.	**Issued, Subscribed and Paid-Up**		
	Issued		
	32,386,524 (32,386,524) equity shares of ₹. 10 each	**3,239**	**3,239**
	Subscribed and Paid-Up		
	29,040,724 (32,383,724) equity shares of ₹. 10 each, fully paid up	**2,904**	**2,904**
	(Includes: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)		
		2,904	**2,904**

Notes forming part of the consolidated financial statements

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

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

Particulars	Opening balance	Allotted under Employee Stock Option Plans / Extinguishment of shares under buy back (see note 2.17)	Closing balance
a. For the year ended 31 March 2019			
- Number of shares	2,90,40,724	-	2,90,40,724
- Amount (In Rupees)	35,72,67,240	-	29,04,07,240
b. For the year ended 31 March, 2018			
- Number of shares	3,23,83,724	(33,43,000)	2,90,40,724
- Amount (In Rupees)	32,38,37,240	(3,34,30,000)	35,72,67,240

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

The Company has one class of equity shares having a par value of ₹. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 31 March 2019		As at 31 March, 2018	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	90,00,000	30.99%	90,00,000	30.99%
Nucleus Software Engineers Private Limited	23,85,882	8.22%	23,85,882	8.22%
Madhu Dusad	30,66,248	10.56%	30,66,248	10.56%
Vishnu R Dusad	16,03,492	5.52%	16,03,492	5.52%

(iv) **Details of forfeited shares**

Particulars	As at 31 March 2019		As at 31 March, 2018	
	(Number)	(Rupees)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

(v) **EMPLOYEES STOCK OPTION PLAN (“ESOP”)**

a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.

b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.

c. There are no options granted, forfeited and exercised during the year under ESOP Scheme 2015.

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.17	**OTHER EQUITY**		
a.	Capital reserve	89	89
b.	Securities premium account	-	-
c.	Capital Redemption reserve	334	334
d.	General reserve	661	661
e.	Retained Earnings	46,004	41,306
f.	Other comprehensive Income	863	836
	Total	**47,951**	**43,226**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Year ended 31 March, 2019	Year ended 31 March 2018
a.	**Capital reserve**		
	Opening balance	89	89
	Closing balance	**89**	**89**
b.	**Securities premium account**		
	Opening balance	-	219
	Utilised for buyback premium (see note 2.17)	-	**(219)**
	Closing balance	**-**	**-**
c.	**Capital Redemption reserve**		
	Opening balance	**334**	**-**
	Addition during the year (see note 2.17)	-	**334**
	Closing balance	**334**	**334**
d.	**General reserve**		
	Opening balance	661	8,888
	Transferred from surplus in statement of Profit and Loss (see note 2.17)	-	(8,227)
	Closing balance	**661**	**661**
e.	**Retained Earnings**		
	Opening balance	41,306	40,075
	Add: Profit for the year	7,454	6,255
	Utilised for buy back (see note 2.17)	-	(3,254)
	Less : Appropriations		
	- Final dividend on equity shares [see note (i) below]	(2,323)	(1,619)
	- Tax on dividend	(275)	(151)
	Goodwill on subsequent purchase of remaining shares in subsidiary	(158)	-
	Closing balance	**46,004**	**41,306**
f.	**Other comprehensive Income**		
	Equity instrument through other comprehensive income	839	1,035
	Add: Income for the year	6	(196)
		845	839
	Foreign currency translation reserve		
	Opening balance	5	(142)
	Add: Addition during the year	36	147
	Closing balance	41	5
	Hedging reserve , net [see note 2.31]		
	Opening balance	2	156
	Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	117	(154)
	Closing balance	119	2

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2019	Year ended 31 March 2018
Remeasurement of net defined benefit plans, net		
Opening balance	(10)	(63)
Add: Remeasurement of net defined benefit plans	(132)	53
Closing balance	(142)	(10)
	863	**836**
Closing balance	**47,951**	**43,226**

(i) The Board of Directors on April 23, 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended March 31, 2019. The payment is subject to approval of shareholders at the ensuing AGM. The final dividend paid in previous year was ₹ 8 per share.

Nature and purpose of other reserves

Capital reserve

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

Securities premium reserve

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

Hedging reserve

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

Capital Redemption reserve

The Board of Directors of the Company, at its meeting held on April 25, 2017 had approved a proposal to buy-back not exceeding ₹ 11,779 lacs at maximum price of ₹ 350 per equity share.

The Shareholders of the Company approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of ₹.10/- each fully paid up at a price of ₹ 350/- (Rupees Three Hundred and Fifty Only) (the "Buyback Price") payable in cash aggregating upto ₹ 11,701/-lacs (Rupees Eleven thousands Seven Hundred One lacs) through Postal Ballot on June 15, 2017 . The Company made the Public Announcement of the same which was published on June 19, 2017. Further pursuant to Shareholders' approval vide Postal Ballot in June 2017, the Buy Back Committee of Board of Directors on 16th June 2017 approved the Buyback of 33,43,000 of fully paid up Equity Shares of face value of ₹ 10/ each of the Company at price of ₹ 350/- per Equity share, payable in cash for an aggregate consideration not exceeding ₹ 11,701 lacs . The settlement of the Buyback was done on 8th September, 2017 and 33,43,000 Equity shares bought back were extinguished on 14th September, 2017. Capital Redemption Reserve was created to the extent of share capital extinguished ₹ 334 lacs. An amount of ₹ 3,254 lacs from Retained Earnings was used to offset the excess of buy-back cost of ₹ 11,701 lacs over par value of shares after adjusting the balance lying in Security Premium of ₹ 219 lacs and General Reserve of ₹ 8,227 lacs.

General reserve

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

Foreign currency translation reserve

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

Equity instrument through other comprehensive income

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

Remeasurement of net defined benefit plans

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

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.18	**OTHER FINANCIAL LIABILITIES-NON CURRENT**		
	Annual incentive payable	39	91
		39	**91**

2.19 DEFERRED TAX LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

	Particular	1 April, 2018	(Credited)/ Charge during the year	31 March 2019
a.	**Deferred tax liabilities**			
	Property, plant and equipment	18	2	20
	MAT credit entitlement	(4)	(8)	(12)
	Undistributed reserves of subsidiaries	175	(175)	-
		189	**(181)**	**8**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.20	**NON CURRENT - PROVISIONS**		
	Provision for employee benefits		
	- Provision for compensated absences	737	588
	- Provision for gratuity	18	15
	- Provision for asset retirement obligations	21	21
		776	**624**
2.21	**TRADE PAYABLES**		
	Trade Payables (see note below)		
	-Total outstanding dues of micro enterprises and small enterprises (see note below)	-	-
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,226	5,406
		1,226	**5,406**

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

	As at 31 March 2019		As at 31 March 2018	
	Principal	**Interest**	**Principal**	**Interest**
Amount due to vendor	-	-	-	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-
	-	**-**	**-**	**-**

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.22	**OTHER CURRENT FINANCIAL LIABILITIES**		
	a. Unpaid dividends	39	25
	b. Payable for purchase of fixed assets	-	1
	c. Employee payable	4,371	-
	d. Other payable	-	-
		4,410	**26**
2.23	**CURRENT PROVISIONS**		
	Provision for employee benefits		
	- Provision for compensated absences	211	182
	- Provision for gratuity	4	4
		215	**186**
2.24	**CURRENT TAX LIABILITIES (NET)**		
	Provision for tax [net of advance tax of ₹ 2,236 lacs (previous year ₹ Nil)]	**181**	**187**
		181	**187**
2.25	**OTHER CURRENT LIABILITIES**		
	a. Advance from customers / Advance billings	4,991	6,204
	b. Deferred revenue	5,126	4,482
	c. Payable to gratuity trust (see note 2.40)	-	400
	d. Other payables - statutory liabilities	710	803
		10,827	**11,889**

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
2.26	**INCOME FROM SOFTWARE PRODUCTS AND SERVICES**		
	Software products and services (see note 2.39)		
	- Sale of products	38,327	32,609
	- Sale of services	10,076	8,572
		48,403	**41,181**
2.27	**OTHER INCOME**		
	a. Interest income on		
	- Deposits with banks	275	296
	- Tax free bonds	646	619
	- Debentures	-	33
	- Non- current trade receivable	47	67
	- Fixed maturity plan	435	331
	- preference shares	284	423
	- others	21	19
	b. Interest income on Income tax refund	43	64
	b. Dividend income from		
	- Current, non trade investments	730	832
	- Non-current, non trade investment	57	125
	c. Net gain on sale of investments		
	- Non-current, non trade investment	9	(4)
	d. MTM gain or (loss) on mutual funds	-	39
	- Current, non trade investments	11	-
	- Non-current, non trade investment	347	-
	e. - Gain / (Loss) on exchange fluctuation	(262)	3
	f. Other non-operating income		
	- Provisions written back		
	- Net profit on sale of property, plant and equipment	34	-
	- Premium on Forward Contracts	42	-
	- Miscellaneous income	29	25
		2,748	**2,872**

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

		Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
2.28	**EMPLOYEE BENEFITS EXPENSE**			-
	a.	Salaries and wages	28,815	25,418
	b.	Contribution to provident and other funds	1,456	1,237
	c.	Gratuity expense (see note 2.40)	325	551
	d.	Staff welfare expenses	757	491
			31,353	27,697
2.29	**OPERATING AND OTHER EXPENSES**			
	a.	Outsourced technical service expense	566	706
	b.	Cost of software purchased for delivery to clients	235	249
	c.	Power and fuel	464	470
	d.	Rent (see note 2.32)	842	794
	e.	Repair and maintenance		
		- Buildings	92	78
		- Others	395	318
	f.	Insurance	48	53
	g.	Rates and taxes	24	106
	h.	Travel expenses	1,900	1,531
	i.	Advertisement, business development and promotion	217	143
	j.	Legal and professional	1,024	706
	k.	Directors remuneration	129	121
	l.	Conveyance	209	204
	m.	Communication	249	257
	n.	Training and recruitment	363	355
	o.	Net loss on sale of fixed assets/discarded assets	-	3
	p.	Conference, exhibition and seminar	217	159
	q.	Information technology expenses	797	637
	r.	Provision for doubtful debts/advances/other current assets	40	37
	s.	Provision for impairment of Investment	601	-
	t.	Commission to channel partners	195	116
	u.	Expenditure on Corporate Social Responsibility (see note 2.43)	102	111
	v.	Miscellaneous expenses	416	461
			9,125	**7,615**
	Note :			
	Directors Remuneration includes :			
	Non Executive Directors			
	a	Commission	85	71
	b.	Sitting fees	44	50
			129	**121**
2.30	**FINANCE COST**			
	a.	Bank charges	51	50
	b.	Interest on short term borrowings	-	1
			51	**51**

2.31 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2019 were as follows:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	4,452	-	-	4,452	4,452			
Other bank balances (2.12)	3,842	-	-	3,842	3,842			
Investments (2.2 and 2.9)								
Equity Instruments	-	-	870	870	870	870		
Tax free bonds	8,737	-	-	8,737	9,007	9,007		
Mutual funds (other than FMPs)	-	20,736	-	20,736	20,736	20,736		
Fixed maturity plans (FMPs)	6,406	-	-	6,406	6,408	6,408		
Debentures	-	-	-	-	-			
Preference shares	3,009	2,686	-	5,694	6,051	3,365		2,686
Trade receivables (2.3 and 2.10)	7,113	-	-	7,113	7,113			
Loans (2.4 and 2.13)	35	-	-	35	35			
Other financial assets (2.5 and 2.14)	435	-	183	617	617			
	34,029	**23,422**	**1,053**	**58,502**	**59,131**			
Liabilities:								
Trade payables (2.21)	1,226	-	-	1,226	1,226			
Other financial liabilities (2.18 and 2.22)	4,449	-	-	4,449	4,449			
	5,675	**-**	**-**	**5,675**	**5,675**			

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	4,228	-	-	4,228	4,228			
Other bank balances (2.12)	2,727	-	-	2,727	2,727			
Investments (2.2 and 2.9)								
Equity Instruments	-	-	864	864	864	864		
Tax free bonds	8,713	-	-	8,713	9,094	9,094		
Mutual funds (other than FMPs)	-	16,149	-	16,149	16,149	16,149		
Fixed maturity plans (FMPs)	7,248	-	-	7,248	7,231	7,231		
Debentures	-	-	-	-				
Preference shares	5,699	-		5,699	5,683	5,683		
Trade receivables (2.3 and 2.10)	8,178	-	-	8,178				
Loans (2.4 and 2.13)	39	-	-	39				
Other financial assets (2.5 and 2.14)	1,174	-	-	1,174				
	38,006	**16,149**	**864**	**55,019**	**45,976**			
Liabilities:								
Trade payables (2.21)	5,406	-	-	5,406	5,406			
Other financial liabilities (2.18 and 2.22)	117	-	-	117	117			
	5,523	**-**	**-**	**5,523**	**5,523**			

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

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

Notes forming part of the consolidated financial statements

Fair value hierarchy

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

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

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

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

a) the use of quoted market prices or dealer quotes for similar instruments.

b) for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.

c) the fair value of remaining financial instruments is determined using discounted cash flows method.

Reconciliation table : Level 3 Investments

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	-	-
Purchases	2,000	-
Reclassification from amortised cost to FVTPL	512	-
Net change in Fair Value (recognized in profit or loss)	173	-
	2,685	-

b) Financial risk management

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

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

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

i) Market risk

a) Currency risk

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

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

The Group’s risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

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

Notes forming part of the consolidated financial statements

The year end foreign currency exposures are given below :

Currency	As at 31 March 2019		As at 31 March 2018	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	51	3,516	65	3,340
EURO	1	83	81	82
MYR	20	335	17	15
SGD	0	23	-	-
ZAR	6	27	5	102
AED	2	42	18	105
CHF	0	0	69	4
GBP	7	612	92	315
Payable				
USD	4	244	94	6,143
EUR	0	2	2	132
MYR	0	4	9	156
GBP	0	10	1	104
AED	4	68	2	41
PHP	2	3	5	6
IDR	2,416	12	109	1
SAR	0	2	0	4

For the year ended 31 March 2019 and 31 March 2018 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by ₹ 429 lacs and ₹ 353 lacs respectively.

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

b) Price risk

(a) Exposure

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

(b) Sensitivity

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

	Impact on profit before tax		Impact on other components of equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Increase 2%				
Mutual funds	415	323		-
Equity instruments (other than subsidiaries)			17	17
Decrease 2%				
Mutual funds	(415)	(323)		-
Equity instruments (other than subsidiaries)			(17)	(17)

Derivative financial instruments

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

Notes forming part of the consolidated financial statements

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

Forward contracts

Forward contract outstanding	Buy/ Sell	As at 31 March 2019	Equivalent amount in Rupees 31 March 2019	As at 31 March 2018	Equivalent amount in Rupees 31 March 2018
In USD (Amount in USD lacs)	Sell	70	4,807	71	4,595

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

Particulars	As at 31 March 2019	Equivalent amount in Rupees 31 March 2019	As at 31 March 2018	Equivalent amount in Rupees 31 March 2018
Not later than one month	13	865	15	978
Later than one month and not later than three months	26	1,764	23	1,466
Later than three months and not later than one year	32	2,179	33	2,151

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

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2019:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning of the period	2	156
Gain / (Loss) recognised in other comprehensive income during the period	117	(154)
Balance at the end of the period	119	2

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

Effects of hedge accounting on financial perfromance

Cash flow hedge- Foreign exchange risk	Year ended 31 March 2019	Year ended 31 March 2018
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net	178	(153)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	(234)	289

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

Particulars	As at 31 March 2019	As at 31 March 2018
Gross amount of recognized financial asset/ (financial liabilities)	183	3
Net amount presented in balance sheet	183	3

ii) Credit risk

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

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

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

Notes forming part of the consolidated financial statements

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 7,113 lacs and ₹ 8,178 lacs as of 31 March 2019 and 31 March 2018 respectively and unbilled revenue amounting to ₹.1,667 lacs and ₹ 1,328 lacs as of 31 March 2019 and 31 March 2018 respectively. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Group's historical experience for customers.

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

Particulars	**Year ended 31 March 2019 (in %)**	**Year ended 31 March 2018 (in %)**
Revenue from top customer	12.84	14.11
Revenue from top five customers	37.57	37.25

Credit risk exposure

The lifetime expected credit loss on customer balances for the period ended 31 March 2019 is ₹ 20 lacs and reversal for the year ended 31 March 2018 was ₹ 37 lacs.

	Year ended 31 March 2019	**Year ended 31 March 2018**
Balance at the beginning	240	354
Impairment loss recognised/ reversed	21	(36)
Amounts written off	(3)	(78)
Balance at the end	258	240

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

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

As at 31 March 2019

Particulars		**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit loss**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Investment at amortised cost	18,152	0%	-	18,152
		Loans to employee	7	0%	-	7
		Security deposits	371	0%	-	371
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Investment at amortised cost	601	100%	(601)	-

Notes forming part of the consolidated financial statements

As at 31 March 2018

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Investment at amortised cost	19,378	0%	-	19,378
		Loans to employee	9	0%	-	9
		Security deposits	295	0%	-	295
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	NA	NA	NA	NA	NA

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	More than 360 days past dues	Total
Gross carrying amount	4,285	2,136	231	155	38	-	526	7,371
Expected credit losses (Loss allowance provision)	-	-	-	-	27	-	231	258
Carrying amount of trade receivables (net of impairment)	4,285	2,136	231	155	11	-	295	7,113

As at 31 March 2018

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	5,309	1,892	394	129	277	416	8,418
Expected credit losses (Loss allowance provision)	-	-	-	-	27	213	240
Carrying amount of trade receivables (net of impairment)	5,309	1,892	394	129	250	203	8,178

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

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,130	251	192	94	218	1,885
Expected credit losses (Loss allowance provision)	-	-	-	-	218	218
Carrying amount of trade receivables (net of impairment)	1,130	251	192	94	-	1,667

As at 31 March 2018

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	939	214	101	74	214	1,542
Expected credit losses (Loss allowance provision)	-	-	-	-	214	214
Carrying amount of trade receivables (net of impairment)	939	214	101	74	-	1,328

iii) Liquidity risk

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

As of 31 March, 2019 the Group had a working capital of ₹ 19,073 lacs including cash and cash equivalent of ₹ 4,452 lacs and current investment of ₹ 17,606 lacs (31 March 2018 ₹ 14,025 lacs including cash and cash equivalents of ₹ 4,228 lacs and current investments of ₹ 14,542 lacs).

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,226	-	1,226
Other financial liabilities	4,410	39	4,449

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

Particulars	Less than 1 year	1-2 years	Total
Trade payables	5,406	-	5,406
Other financial liabilities	26	91	117

c) Capital Management

The Group's objectives when managing capital are to:

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

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

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

The Group monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March 2019	As at 31 March 2018
Total Liabilities	17,682	18,598
Less: Cash and cash equivalents	4,452	4,228
Adjusted debt	**13,230**	**14,370**
Total equity	50,855	46,130
Adjusted net debt to equity ratio	**26%**	**31%**

Notes forming part of the consolidated financial statements

(i) Risk management

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

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

(ii) Dividends

Particulars	31 March 2019	31 March 2018
(i) Equity Shares		
Final dividend for the year ended 31 March 2018 of ₹ 8 (31 March 2017 of ₹ 5) Per fully paid up	2,323	1,619
(ii) Dividends not recognised at the end of reporting period	2,614	2,323

The Board of Directors on April 23, 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended March 31, 2019. The payment is subject to approval of shareholders at the ensuing AGM. The final dividend paid in previous year was ₹ 8 per share.

2.32 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The Group has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the year ended 31 March 2019 is ₹ 842 lacs (Year ended 31 March 2018 : ₹ 794 lacs). The future minimum lease payments in respect of non-cancellable leases is as follows:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Lease obligations payable		
a. Not later than 1 year	364	214
b. Later than 1 year but not later than 5 years	394	230
c. Later than 5 years	-	-
	758	444

2.33 Contingent liabilities & commitments (to the extent not provided for)

a. **Contingent liabilities**		
Claims against the Group not acknowledged as debts	-	69
b. **Capital Commitments**		
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).	93	30

c. **Other Commitments**

i The Company is committed to provide financial support to its subsidiary companies, as and when required.

ii The Group does not have any pending litigations which would impact its financial position.

iii The Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

2.34 Auditors Remuneration (excluding tax) (Refer note below)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
a. As auditors	97	80
b. For other services	9	8
c. Reimbursement of expenses	-	5
Note :		
Includes payments to other auditors ₹ 35 lacs (year ended 31 March, 2018, ₹ 22 Lacs)	**106**	**93**

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
2.35	**Earnings per share**		
	a. Profit after taxation available to equity shareholders (Rupees in lacs)	7,454	6,255
	b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	2,90,40,724	3,05,61,102
	c. Effect of dilutive issue of shares	-	-
	d. Weighted average number of equity shares used in calculating diluted earnings per share	2,90,40,724	3,05,61,102
	e. Basic earnings per share (Rupees)	25.67	20.47
	f. Diluted earnings per share (Rupees)	25.67	20.47

2.36 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Ashish Nanda (Chief Financial officer)
- Poonam Bhasin (Company Secretary)
- Mark McCoy (Director, Subsidiary Company)
- Thomas Zachariah (Director, Subsidiary Company) (w.e.f 17 March, 2016)
- Yasmin Javeri Krishan (Director, Subsidiary Company) (w.e.f 22 February, 2016)

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

- Avon Solutions and Logistics Private Limited (w.e.f 17 March, 2016)
- Pelican Legal Solutions Private Limited
- Nucleus Software Foundation (see note 2.42)

Transactions with related parties

		Year ended 31 March, 2019	Year ended 31 March, 2018
a.	**Salary and other benefits to Key managerial personnel**		
	Short-term employee benefits	563	442
	Contribution to provident and other funds	24	20
	- Vishnu R Dusad (Managing Director)		
	- Ravi Pratap Singh (Whole time Director)		
	- Ashish Nanda (Chief Financial officer)		
	- Poonam Bhasin (Company Secretary)		
	- Mark McCoy (Director, Subsidiary Company)		
	- Thomas Zachariah (Director, Subsidiary Company)		
	- Yasmin Javeri Krishan (Director, Subsidiary Company)		
b.	**Expenditure on Corporate Social Responsibility**		
	- Nucleus Software Foundation	102	111
c.	**Communication Expenses**		
	- Avon Solutions & Logistics Pvt Ltd	24	23
d.	**Legal and Professional**		
	Pelican Legal Solutions Private Limited	24	24

Terms and conditions

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

2.37 Research and development expenditure

	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue Expenditure	3,106	2,913

The Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which was valid till 31 March, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsequently from 1 April 2018 till 31 March 2021.

Notes forming part of the consolidated financial statements

2.38 Segment reporting – Basis of preparation

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company₹s performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Group operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments . Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss for reportable primary segment is set out below:

a. **For the year ended 31 March, 2019**

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,898	6,315	11,289	5,047	7,627	2,154	941	132	48,403
Expenses	7,146	3,964	9,666	3,221	4,693	823	614	354	30,479
Segment result	**7,752**	**2,351**	**1,623**	**1,828**	**2,934**	**1,331**	**327**	**(222)**	**17,924**
Unallocated corporate expenditure									11,043
Operating profit before tax									**6,881**
Other income									2,748
Profit before tax									**9,629**
Tax Expense									
Net current tax expense									2,328
Net deferred tax credit									(153)
									2,175
Profit for the year									**7,454**

b. For the year ended 31 March, 2018

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	12,666	6,216	8,990	4,211	6,211	1,104	1,072	711	41,181
Expenses	6,283	3,693	7,945	3,058	3,801	469	618	430	26,297
Segment result	**6,383**	**2,523**	**1,045**	**1,153**	**2,410**	**635**	**454**	**281**	**14,884**
Unallocated corporate expenditure									9,770
Operating profit before tax									**5,114**
Other income									2,872

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Profit before tax									**7,986**
Tax Expense									
Net current tax expense									1,511
Net deferred tax credit									220
									1,731
Profit for the year									**6,255**

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

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
For the year ended 31 March, 2019									
Revenue from operations	-	6,214	-	5,010	-	-	-	-	11,224
For the year ended 31 March, 2018									
Revenue from operations	-	5,810	-	4,057	-	-	-	217	10,084

Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March, 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,800	1,376	4,519	734	1,508	415	116	334	12,802
Unallocated corporate assets									55,735
Total assets									68,537
Segment liabilities	5,603	673	4,433	1,072	3,389	1,395	310	43	16,918
Unallocated corporate liabilities									764
Total liabilities									17,682
Capital employed									**50,855**

b. As at 31 March, 2018

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	4,201	1,751	3,583	553	1,277	898	74	370	12,707
Unallocated corporate assets									52,021
Total assets									64,728
Segment liabilities	6,212	812	4,921	953	2,722	1,271	314	34	17,239
Unallocated corporate liabilities									1,359
Total liabilities									18,598
Capital employed									**46,130**

Notes forming part of the consolidated financial statements

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

a. For the year ended 31 March, 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	884	0	8	-	-	-	-	-	892
Total capital expenditure									892
Depreciation and amortisation expenditure	986	1	5	-	-	-	-	-	992
Total depreciation									992
Segment non-cash expense other than depreciation	50	(8)	3	3	(8)	-	-	-	40
Total non cash expenditure other than depreciation	50	(8)	3	3	(8)	-	-	-	40

b. For the year ended 31 March, 2018

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	722	6	7	-	-	-	-	-	735
Total capital expenditure									**735**
Depreciation expenditure	678	3	22	-	-	1	-	-	704
Total depreciation									**704**
Segment non-cash expense other than depreciation	30	(6)	1	-	6	6	-	-	37
Total non cash expenditure other than depreciation	30	(6)	1	-	6	6	-	-	**37**

Information in respect of secondary segment

Information for business segments

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Software projects and services	Total
a. For the year ended 31 March, 2019			
Revenue	38,327	10,076	**48,403**
Carrying amount of segment assets	10,137	2,665	**12,802**
b. For the year ended 31 March, 2018			
Revenue	32,609	8,572	**41,181**
Carrying amount of segment assets	10,062	2,645	**12,707**

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

2.39 Disaggregation of revenue

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

Notes forming part of the consolidated financial statements

A. Revenues by geography*

(Amount in ₹ Lacs unless otherwise stated)

	Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
a (i)	**For the year ended 31 March 2019**									
	Revenue from operations	14,898	6,315	11,289	5,047	7,627	2,154	941	132	48,403
a (ii)	**For the year ended 31 March 2018**									
	Revenue from operations	12,666	6,216	8,990	4,211	6,211	1,104	1,072	711	41,181

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

B. Revenues in products and services *

(Amount in ₹ Lacs unless otherwise stated)

	Description	Products	Other services	Total
a.	For the year ended 31 March 2019			
	Revenue	38,327	10,076	48,403
b.	For the year ended 31 March 2018			
	Revenue	32,609	8,572	41,181

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

2.40 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 1,271 lacs for the year ended 31 March, 2019 (Year ended 31 March, 2018 ₹ 1,131 lacs), have been recognized as an expense in respect of Group's contribution for Provident Fund and other funds and ₹ 8 lacs (Year ended 31 March, 2018 ₹ 6 lacs) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

In relation to the Supreme Court (SC) judgement on provident fund dated 28 February, 2019 there is considerable interpretative matters including its retrospective implications due to which the impact of the retrospective period cannot be estimated reliably. Pending further clarity on the subject, the Company has made a provision of ₹ 22 lakhs for the year ending 31 March 2019.

Defined benefit plans

The Gratuity scheme of the Holding Company and subsidiary companies incorporated in India provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of ₹ 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

The Holding Company and subsidiary companies incorporated in India have made contributions to their respective employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2019 :

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
a.	**Change in defined benefit obligations (DBO)**		
	Obligation at beginning of the year	2,318	1,787
	Current service cost	302	243
	Past service cost	-	293
	Interest cost	154	111
	Remeasurement due to:	-	-
	Actuarial loss/(gain)arising from change in financial assumptions	63	(57)
	Actuarial loss/(gain)arising from change in demographic assumptions	7	-
	Actuarial loss/(gain)arising on account of experience changes	81	29
	Benefits paid	(85)	(88)
	Obligation at year end	**2,840**	**2,318**

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
b.	**Change in Plan Assets**		
	Plan assets at year beginning, at fair value	1,899	1,545
	Expected return on asset plan	131	102
	Contributions by employer	959	326
	Remeasurement due to :	-	-
	Actuarial return on plan assets less interest on plan assets	24	14
	Benefits paid	(85)	(88)
	Plan assets at year end, at fair value	**2,928**	**1,899**
c.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	2,840	2,318
	Fair value of plan assets	2,928	1,899
	Funded status- Surplus/ (Deficit)	88	(419)
	Unrecognised past service costs	-	-
	Net liability recognised in the Balance Sheet	**88**	**(419)**
d.	Expected employer's contribution next year	210	210

e. **Expense recognised in Profit or Loss**

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	302	243
Past service cost	-	293
Interest cost	23	15
Net gratuity cost	**325**	**551**

f. **Remeasurements income recognised in other comprehensive income:**

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Actuarial (gain) loss on defined benefit obligation	127	(28)
Return on plan assets excluding interest income	(24)	(14)
	103	**(42)**

		Actuarial assumptions for gratuity and long-term compensated absences	
g.	**Economic assumptions :**	**As at 31 March 2019**	**As at 31 March 2018**
	Discount rate	7.00%	7.40%
	Salary escalation rate	8.00%	8.00%
	Expected return on plan assets	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

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

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
h.	**Demographic assumptions**		
	Retirement age	58 years	58 years
	Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)
i.	**Withdrawal rates**	Ages - Withdrawal Rate (%) 21-50 years - 16% 51-54 years - 2% 55-57 years - 1%	
j	**Category of asset**		
	Insurer Managed Funds	2,928	1,899

The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

k. Sensitivity analysis

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

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(118)	131	(54)	57
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	97	(92)	45	(44)

(Amount in ₹ Lacs unless otherwise stated)

2.41 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Income from software product and services	48,403	41,181
Software development expenses	32,564	28,068
Gross Profit	**15,839**	**13,113**
Selling and marketing expenses	3,457	3,282
General and administration expenses	4,508	4,013
Operating profit before depreciation	**7,874**	**5,818**
Depreciation and amortisation expense	993	704
Operating profit after depreciation	**6,881**	**5,114**
Other income	2,748	2,872
Profit before tax	**9,629**	**7,986**
Tax expense:		
Net current tax expense	2,328	1,511
Net deferred tax credit	(153)	220
	2,175	**1,731**
Profit for the year	**7,454**	**6,255**

Notes forming part of the consolidated financial statements

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

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income (net of taxes)		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount in INR	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive Income	Amount OCI	As % of consolidated Total comprehensive Income	Amount OCI
Nucleus Software Exports Limited (Consolidated)	100.00%	50,855	100.00%	7,454	100.00%	26	100.00%	7,480
Parent Co.								
Nucleus Software Exports Limited	88.12%	44,815	86%	6,377	0%	17	86%	6,394
1. Virstra I Technology Services Ltd.	2.07%	1,051	-14.60%	(1,088)	0.14%	10	-14.46%	(1,078)
2. Nucleus Software Ltd.	3.52%	1,793	-0.34%	(25)	0.00%	-	-0.34%	(25)
3. Avon Mobility Services Pvt. Ltd.	0.04%	22	-1.69%	(126)	-0.01%	(1)	-1.70%	(127)
Foreign Subsidiaries								
1. Nucleus Software Inc., USA	0.54%	275	-1.87%	(140)	0.00%	-	-1.87%	(140)
2. Nucleus Software Australia Pty. Limited	0.12%	62	-6.25%	(466)	0.00%	-	-6.25%	(466)
3. Nucleus Software Netherlands B.V.	0.04%	19	-0.07%	(5)	0.00%	-	-0.07%	(5)
4. Nucleus Software Japan K.K	1.24%	629	6.64%	495	0.00%	-	6.64%	495
5. Nucleus Software Solutions Pte. Ltd, Singapore	4.22%	2,146	32.64%	2,433	0.00%	-	32.64%	2,433
6. Nucleus Software South Africa Pty. Ltd.	0.08%	43	-0.01%	(1)	0.00%	-	-0.01%	(1)
Non-controlling Interests in all subsidiaries	-	-	-	-	-	-	-	-

2.43 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Gross amount required to be spent by Group during the year ended 31 March, 2019 / 31 March, 2018 :	119	122
Amount spent during the year on purposes other than Construction/acquisition of any asset	102	111
Details of related party transactions:		
Nucleus Software Foundation	102	111

2.44 ADDITIONAL DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

Goodwill on consolidation

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Opening Balance	317	317
Add: On acquisition of subsidiary during the year	-	-
Less : Impairment expense during the year	250	-
Closing balance	**67**	**317**

Notes forming part of the consolidated financial statements

On March 17, 2016, the Company has acquired 96% stake in Avon Mobility Solutions Private Limited ('Avon'), a Mobile Technology Solutions provider for a purchase consideration of ₹ 192 lacs. The Company has also taken over Avon's net liabilities aggregating to ₹ 125 lacs. Further, the Company had an option to acquire the remaining 4% shares of Avon as per terms and conditions of share purchase agreement executed with the shareholders of Avon. The Company has further subscribed during the year ended 31 March 2019, 1,350,000 (previous year 31 March 2018, 300,000) 11% redeemable preference shares of face value of ₹ 10 per share, for a minimum tenor of 5 years and maximum tenor of 20 years. Further, during the year ended 31 March 2019, the Company vide share purchase agreement dated 10 July 2018 exercised the call option and acquired remaining 444 shares in Avon, thereby, now it has become wholly owned subsidiary of the Company.

The losses applicable to the minority in a consolidated subsidiary exceed minority interest in the equity of the subsidiary.

2.45 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

In terms of our report attached
For **For B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
MANISH GUPTA
Partner
Membership number : 095037

Noida
23 April 2019

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
23 April 2019

FORM AOC -1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

(Statement containing salient features of the financial statement of subsidiaries)

Part A : Subsidiaries

1	Name of the subsidiary	NUCLEUS SOFTWARE AUSTRALIA PTY LTD	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	AUD = INR 49.02	
		AUD	**INR**
4	Share capital	100,000	4,902,000
5	Reserves & surplus	207,123	10,153,169
6	Total assets	418,918	20,535,360
7	Total Liabilities	111,795	5,480,191
8	Investments	-	-
9	Turnover	964,112	47,260,770
10	Profit/(Loss) before taxation	77,428	3,795,528
11	Provision for taxation	27,546	1,350,308
12	Profit/(Loss) after taxation	49,882	2,445,220
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V.	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :		Euro = INR 77.67
		Euro	**INR**
4	Share capital	750,000	58,252,500
5	Reserves & surplus	(725,389)	(56,340,964)
6	Total assets	26,306	2,043,187
7	Total Liabilities	1,695	131,651
8	Investments	-	-
9	Turnover	-	-
10	Profit/(Loss) before taxation	(6,433)	(499,622)
11	Provision for taxation	-	-
12	Profit/(Loss) after taxation	(6,433)	(499,622)
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC.	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	USD = INR 69.16	
		USD	**INR**
4	Share capital	350,000	24,206,000
5	Reserves & surplus	102,229	7,070,158
6	Total assets	504,400	34,884,304
7	Total Liabilities	52,171	3,608,146
8	Investments	-	-
9	Turnover	221,976	15,351,860
10	Profit/(Loss) before taxation	23,802	1,646,146
11	Provision for taxation	1,628	112,592
12	Profit/(Loss) after taxation	22,174	1,533,554
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOLUTIONS PTE LTD	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	SGD = INR 51.04	
		SGD	**INR**
4	Share capital	625,000	31,900,000
5	Reserves & surplus	3,397,432	173,404,929
6	Total assets	6.857,030	349,982,811
7	Total Liabilities	2,834,598	144,677,882
8	Investments	-	-
9	Turnover	15,598,891	796,167,397
10	Profit/(Loss) before taxation	1,978,359	100,975,443
11	Provision for taxation	325,254	16,600,964
12	Profit/(Loss) after taxation	1,653,105	84,374,479
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	JPY = INR 0.6242	
		JPY	**INR**
4	Share capital	10,000,000	6,242,000
5	Reserves & surplus	56,527,462	35,284,442
6	Total assets	119,128,740	74,360,160
7	Total Liabilities	52,601,278	32,833,718
8	Investments	-	-
9	Turnover	437,982,753	273,388,834
10	Profit/(Loss) before taxation	40,908,222	25,534,912
11	Provision for taxation	14,395,612	8,985,741
12	Profit/(Loss) after taxation	26,512,610	16,549,171
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOUTH AFRICA PTY. LTD.	
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	ZAR = INR 4.77	
		ZAR	**INR**
4	Share capital	612,000	2,919,240
5	Reserves & surplus	290,548	1,385,914
6	Total assets	912,390	4,352,100
7	Total Liabilities	9,842	46,946
8	Investments	-	-
9	Turnover	-	-
10	Profit/(Loss) before taxation	(21,966)	(104,778)
11	Provision for taxation	-	-
12	Profit/(Loss) after taxation	(21,966)	(104,778)
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	AVON MOBILITY SOLUTIONS PVT. LTD.
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019
		INR
3	Share capital	1,11,100
4	Reserves & surplus	(26,240,109)
5	Total assets	6,642,526
6	Total Liabilities	32,771,535
7	Investments	-
8	Turnover	6,892,043
9	Profit/(Loss) before taxation	(13,333,340)
10	Provision for taxation	-
11	Profit/(Loss) after taxation	(13,333,340)
12	Proposed Dividend	-
13	% of shareholding	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019
		INR
3	Share capital	100,000,000
4	Reserves & surplus	(852,203)
5	Total assets	144,113,337
6	Total Liabilities	82,828,989
7	Investments	37,863,449
8	Turnover	10,624,278
9	Profit/(Loss) before taxation	5,829,400
10	Provision for taxation	144,863
11	Profit/(Loss) after taxation	5,684,537
12	Proposed Dividend	-
13	% of shareholding	100%

1	Name of the subsidiary	VIRSTRA I-TECHNOLOGY SERVICES LIMITED
2	Reporting period for the subsidiary :	1 April, 2018 to 31 March, 2019
		INR
3	Share capital	10,000,000
4	Reserves & surplus	111,866,831
5	Total assets	53,685,250
6	Total Liabilities	16,175,247
7	Investments	84,356,828
8	Turnover	134,277,107
9	Profit/(Loss) before taxation	39,408,344
10	Provision for taxation	10,472,830
11	Profit/(Loss) after taxation	289,35,514
12	Proposed Dividend	-
13	% of shareholding	100%

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Noida
April 23, 2019

Shareholders' Referencer

A. Corporate

- Nucleus was incorporated in New Delhi in 1989 as Nucleus Software Exports Private Limited, as per the Indian Companies Act, 1956. The Company became a Public Limited Company in 1994.
- The Company made an IPO in August 1995. 1,168,900 equity shares, face value ₹ 10/-each were issued to Indian public at a premium of ₹₹ 40/- per share and 331,500 equity shares, face value ₹ 10/-each, were issued to Non Resident Indians at a premium of ₹ 50/- per share.
- History of Bonus issues at Nucleus is as follows:

Allotment Date	Ratio	No. of Shares
September 24, 1994	60:1	876,000
December 27, 1994	57:100	576,270
October 22, 2001	1:2	2,637,050
August 10, 2004	1:1	8,045,406
August 8, 2007	1:1	16,182,312

- The Company's Registered Office is situated at 33-35, Thyagraj Market, New Delhi-110003, India and Corporate office at A-39, Sector 62, Noida 201 301, India.

B. Preferential Issue

The Company had allotted 1,875,500 equity shares of ₹ 10/- each on preferential basis to the promoter/associates and permanent employees of the Company at a price of ₹ 103.15/- per share inclusive of share premium on June 22, 2001.

C. Buyback of Equity Shares

During FY 2017-18, the Company completed the Buyback of 3,343,000 equity shares from the existing shareholders /beneficial owners holding Equity Shares through the "Tender Offer" route at a price of ₹ 350/- per equity share payable in cash, aggregating to ₹ 117.00 crores.

The Buyback size was 24.83% of the aggregate Paid-up equity share capital and Free Reserves of the Company as per the Audited Standalone accounts for the Financial year ended March 31, 2017. The Extinguishment of Shares was completed by September 14, 2017.

D. Share Related Data

- Shares of Nucleus are listed on The National Stock Exchange of India Limited and BSE Ltd.
- Scrip Code of Nucleus on NSE is NUCLEUS and on BSE is 531209. The Company's shares are traded in "Group B" category at the BSE Ltd.
- International Securities Identification Number (ISIN code- NSDL and CDSL) is INE096B01018.
- Face value of the Company's equity shares is ₹ 10.
- Shares of the Company are compulsorily traded in demat form.
- 99.77% of the Company's equity shares are in demat form.
- The Company had 16,446 shareholders as on March 31, 2019.
- The Company has not issued any GDRs/ADR.
- The Company launched ESOP (2015) scheme during FY 2014-15 via trust route. There are no options granted under the scheme as on March 31, 2019.

E. Dividend Related Data

i. Dividend Policy

The Dividend Policy of your Company stipulates a dividend payout in the range of 15-30% of the profits available for distribution, subject to:

a) Provisions of The Companies Act, 2013 and other applicable laws, and

b) Cash flows of the Company

The Board of Directors reviews the Dividend Policy periodically.

ii. Dividend Recommended for FY 18-19

The Board of Directors recommended a Final Dividend of ₹ 9/- per share on equity share capital (90% on equity share of par value of ₹ 10/-) at their meeting held on April 23, 2019. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

iii. Dividend History

The Dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend		
	Percentage (%)	Per Share (in ₹)	Pay out (In ₹ crore)
2017-18	80%	8.00	23.23
2016-17	50%	5.00	16.19
2015-16	50%	5.00	16.19
2014-15	50%	5.00	16.19
2013-14	60%	6.00	19.44
2012-13	30%	3.00	9.72
2011-12	25%	2.50	8.10
2010-11	25%	2.50	8.10
2009-10	25%	2.50	8.10
2008-09	25%	2.50	8.09
2007-08*	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05*	25%	2.50	4.02
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2002-03	20%	2.00	1.58
2000-01	20%	2.00	0.68

** The dividend payout in 2004-05 and 2007-08 was on the enhanced capital consequent to 1:1 bonus issue made* during the respective years.

Shareholders' Referencer

The Board had not recommended any Dividend prior to financial year 2000-2001.

iv. Investor Education & Protection Fund (IEPF)

As per Section 124(5) and 124(6) of the Act read with the IEPF Rules as amended, any dividend which remains unpaid or unclaimed for a period of seven years , shall be transferred by the Company to the IEPF fund.

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members whose Dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/ unclaimed for seven consecutive years or more.

Members are requested to claim the same on or before the respective dates as mentioned in the reminder letters. In case the dividends are not claimed by the said date, necessary steps will be initiated by the Company to transfer such dividend and/or shares without further notice. No claim shall lie against the Company in respect of the shares so transferred to IEPF Demat Account. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 have been transferred to the IEPF.

The dates for declaration of dividend for each financial year and due dates for transfer to IEPF Account is mentioned herein below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
2011-12 (Final)	July 11, 2012	July 10, 2019	August 09, 2019
2012-13 (Final)	July 10, 2013	July 09, 2020	August 08, 2020
2013-14 (Final)	July 08, 2014	July 07, 2021	August 06, 2021
2014-15 (Final)	July 08,2015	July 07, 2022	August 06, 2022
2015-16 (Interim)	March 16, 2016	March 15,2023	April 14, 2023
2016-17 (Final)	July 08, 2017	July 07, 2024	August 06, 2024
2017-18 (final)	July 02, 2018	July 01, 2025	June 30, 2025

Shareholders who have not encashed their dividend warrant(s) relating to one or more of the financial year (s) are requested to claim such dividend from Registrars of the Company at the following address:

Karvy Fintech Pvt. Ltd.
Karvy Selenium Tower B, Plot number 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500032, India
Tel: 040-23420815-18
Fax: 040-23420814
E-mail: mailmanager@karvy.com

F. Stock Market Data

i. BSE Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at BSE Ltd. during the year 2018-19

Month	BSE				
	Open	High (Rs.)	Low (Rs.)	Close	Traded Qty
Apr-18	406.55	505.00	405.00	487.85	153,941
May-18	494.00	510.00	371.10	385.20	139,610
Jun-18	385.85	387.85	330.60	366.75	64,358
Jul-18	365.00	410.90	337.10	345.70	143,177
Aug-18	346.50	466.00	346.05	454.50	228,014
Sep-18	456.60	462.00	350.20	362.90	140,800
Oct-18	369.05	396.30	344.00	386.60	62,173
Nov-18	389.00	398.60	357.80	377.95	47,689
Dec-18	377.70	385.50	364.00	378.05	17,841
Jan-19	377.30	385.05	343.55	354.70	11,283
Feb-19	354.50	365.00	316.10	340.00	17,858
Mar-19	343.45	369.20	325.00	338.90	32,736
Total Shares traded					**1,059,480**

ii. National Stock Exchange of India Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at National Stock Exchange of India Ltd. during the year 2018-19

Month	NSE				
	Open	High (Rs.)	Low (Rs.)	Close	Traded Qty
Apr-18	403.35	506.00	403.35	487.10	1,113,593
May-18	491.70	500.00	370.00	385.50	683,928
Jun-18	384.70	398.70	335.10	368.10	490,510
Jul-18	368.00	410.30	337.65	345.55	1,011,405
Aug-18	347.95	465.00	345.90	456.80	1,750,166
Sep-18	459.80	462.00	354.75	365.30	1,141,744
Oct-18	375.00	405.05	343.05	388.10	4,78,907
Nov-18	386.50	399.60	355.15	378.00	4,90,104
Dec-18	381.40	386.45	364.40	378.30	2,36,413
Jan-19	376.40	385.00	341.05	355.30	1,74,557
Feb-19	347.00	362.20	315.40	338.35	332,854
Mar-19	341.75	368.15	322.40	339.90	311,396
Total Shares traded					**8,215,577**

Notes:

1. The highest share price of the Nucleus scrip at BSE was ₹ 510.00 in May 2018 and the lowest share price was ₹ 316.10 in Feb 2019.
2 The highest share price of the Nucleus scrip at National Stock Exchange was ₹ 506.00 in April 2018 and the lowest share price was ₹ 315.40 in Feb 2019.

iii. Quarterly high-low price history of the Company's share for the year 2018-19

(Share Price in ₹)

	NSE		BSE	
	High	Low	High	Low
During Quarter ended				
June 30, 2018	506.00	335.10	510.00	330.60
September 30, 2018	465.00	337.65	466.00	337.10
December 31, 2018	405.05	343.05	398.60	344.00
March 31, 2019	385.00	315.40	385.05	316.10

G. Financial Reporting to the Shareholders

i Quarterly/Annual Results

- The Company releases Quarterly Report for each quarter (except fourth quarter) in the form of soft copy and is uploaded on the Company's website www.nucleussoftware.com. This ensures prompt information to the shareholders and also contributes in saving paper thus saving trees and making the planet greener.

  These reports contain audited financials of the parent Company along with the Auditors Report thereon; Unaudited consolidated financials of the Company and subsidiaries and a detailed analysis of results under "Management's Discussion and Analysis".
- The Company communicates quarterly/annual financial results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).
- The Company sends an instant email alert of the quarterly/annual financial results, to all persons who get themselves registered on the Company's website.
- Earnings conference calls are conducted after announcement of quarterly/annual financial results wherein the Management updates the investor community on the progress made by the Company and also answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com, for public information.
- The Company publishes official news releases and they are also uploaded on the website www.nucleussoftware.com.

  The Company uses a wide array of communication tools including face-to-face, online and offline channels to ensure that information reaches all the stakeholders in their preferred medium.

H. Investors' Services

i. Details of request/complaints received during the year 2018-19:

Nature of complaints / requests	No. of complaints/requests		
	Received during the year	Resolved during the year	Pending at the year end
Non- Receipt of Dividend Warrant	22	22	Nil
Duplicate/ Revalidation of Dividend warrants	06	06	Nil
Issue of duplicate share certificates	04	04	Nil
Non receipt of share certificate	01	01	Nil
Non-Receipt of Annual Report	03	03	Nil

The Company has attended to most of the investor's grievances/correspondence within a period of 7-10 days from the date of receipt of the same, during the year 2018-19

ii. Registrars of Company

The communication regarding share certificates, dividends, de-materialization of physical shares and change of address may be addressed to the Registrars of the Company at the address as given earlier in this Shareholders' Referencer.

iii. Share Transfer System

The Company's shares are currently traded in dematerialised form; transfers are processed and approved in the electronic form by NSDL/CDSL through their Depository Participants.

The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges

iv. Dematerialization of Shares and Liquidity

The Company shares are tradebale compulsorily in the Electronic form. Through Karvy Fintech Pvt. Ltd., Registrar and Share Transfer agents, we have established connectivity with both the depositiories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)

All requests for dematerialisation of shares are processed and confirmation is given to the respective Depositories within 15 days.

The Company has De-materialised 28,974,605 shares (99.77%) of the paid up share capital) as at March 31, 2019.

To enable us to serve our investors better, we request our shareholders whose shares are in physical mode to dematerliaze their shares and update their bank accounts with the respective depository participants.

Shareholders' Referencer

v. Investor Service and Grievance Handling Mechanism

The largest Registrar in the country, Karvy Fintech Private Ltd., handles all share related transactions viz. transfer, transmission, transposition, nomination, dividend, change of name/address / signature, registration of mandate / Power of attorney, replacement/split consolidation of share certificates / demat/ remat of share issue of duplicate certificates etc.

Report on shareholders' requests/grievances received and resolved is placed before the Stakeholder Relationship Committee.

Investors are requested to correspond directly with Karvy, on all share related matters. The Company has an established mechanism for investor service and grievance handling with Karvy and the Compliance Office of the Company.

vi. Designated e-mail Address for Investor Services

In terms of Regulations 13 and 46 of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com

vii. Reconciliation of Share Capital

A qualified practising Company Secretary carries out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

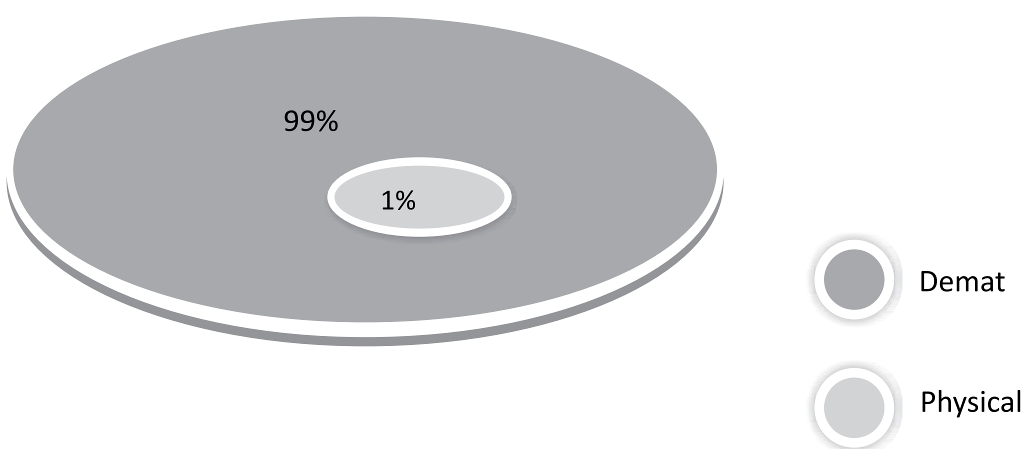
viii. Legal Proceedings

There is one legal proceeding pending against the Company in Court.

I. Shareholding Data

i. Distribution of Shareholding

No. of Equity Shares Held		As on March 31, 2019				As on March 31, 2018			
		Share Holders		Shares		Share Holders		Shares	
From	**To**	**(Nos.)**	**%**	**(Nos.)**	**%**	**(Nos.)**	**%**	**(Nos.)**	**%**
1	100	10,859	66.03	432,819	1.49	9,821	66.11	378,952	1.30
101	200	1,786	10.86	309,610	1.07	1,599	10.76	267,052	0.92
201	500	1,895	11.52	680,253	2.34	1,666	11.21	572,878	1.97
501	1,000	990	6.02	761,190	2.62	901	6.06	668,293	2.30
1,001	5,000	736	4.50	1,573,749	5.42	694	4.67	1,499,997	5.17
5,001	10,000	85	0.51	581,148	2.00	76	0.52	508,099	1.75
10,001	and above	95	0.56	24,701,955	85.06	99	0.67	25,145,453	86.59
Total		**16,446**	**100.00**	**29,040,724**	**100.00**	**14,856**	**100.00**	**29,040,724**	**100.00**



ii. Categories of Shareholders

Category	As on March 31, 2019			As on March 31, 2018		
	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)
Promoter and Promoter Group	11	67.59	19,627,866	11	67.59	19,627,866
Individuals/ Clearing Members/ Trusts/Director or Director's Relatives	15,566	18.93	5,496,306	14,124	17.75	5,155,102
Bodies Corporate/NBFC Registered with RBI/IEPF	236	2.19	6,38,973	239	2.22	643,731
NRI's and Foreign Nationals	582	1.74	5,07,029	431	1.93	559,810
FII's	47	7.64	2,217,285	48	9.22	2,680,355
Mutual Funds	1	1.27	369,241	1	1.27	369,241
Banks and Financial Institutions	3	0.64	1,84,024	2	0.02	4,619
Total	**16,446**	**100.00**	**29,040,724**	**14,856**	**100.00**	**29,040,724**

iii. Shares under Lock-in

There are no shares under Lock in as on March 31, 2019

iv. Share Transfers, Demat and Remat:

The details of shares transferred in physical form, dematerialised and rematerialised during the year ended March 31, 2019 are given below:

No. of Shares	
Transferred in physical form	135
Dematerialised	11,764
Rematerialised	Nil

I. Directors, Senior Management and Employees of the Company

The Directors of the Company and executive officers including of Subsidiaries, their respective ages and their respective positions with the Company are as follows:

i. Management Structure

Name	Position
S. M. Acharya	Chairman
Vishnu R Dusad	Managing Director
R.P Singh	Executive Director & CEO
Ritika Dusad	Non-Executive Director
Prithvi Haldea	Independent Director
Elaine Mathias	Independent Director
Prof. Trilochan Sastry	Independent Director
N. Subramaniam	Independent Director
Avnish Datt	Global Head- Strategy
Pankaj Bhatt	Chief Transformation Officer
Prakash Purshotam Pai	President Financial Inclusion
Ashish Nanda	Chief Financial Officer
Pradeep Kapoor	Global Head – Corporate Affairs

Name	Position
Parag Bhise	Executive Vice President
Anurag Mantri	Senior Vice President
Anurag Bhatia	Senior Vice President
Harshit Harish Jain	Senior Vice President
Sudeep Verma	Senior Vice President
Prathap Reddy	Vice President
Anil Kumar	Vice President
Ashish Nayyar	Vice President
Ashwani Arora	Vice President
Brajesh Khandelwal	Vice President
Daragh Patrick O'byrne	Vice President
Debyani Sinha	Vice President
Dinesh Kumar Verma	Vice President
K D Singh	Vice President
Lokesh Chandra Pathak	Vice President
Megha Dalela	Vice President
Pankaj Jain	Vice President
Raj Kumar Srivastava	Vice President
Rajagopalan Venkatraman	Vice President
Rakesh Rawat	Vice President
Ramesh Gopal	Vice Presiden
Sanjeev Kulshreshtha	Vice President
Sarbpreet Singh Anand	Vice President
Vijay Kumar Sharma	Vice President
Manish Arora	Vice President
Rajeev Sharma	Vice President

Shareholders' Referencer

ii. Employee Structure

a) Employee strength globally including employees of subsidiaries

As at March, 31	2019		2018	
	No	%	No	%
Technical Staff	1,825	89	1,635	88
Non-Technical Staff including Business Development Group	229	11	216	12
Grand Total	**2,054**	**100**	**1,851**	**100**

Gender classification of employees is:

As at March, 31	2019		2018	
	No	%	No	%
Male	1,526	74	1,365	74
Female	528	26	486	26
Grand Total	**2,054**	**100**	**1,851**	**100**

b) The age profile of employees -

As at March, 31	2019		2018	
	No	%	No	%
Between 20 and 30 years	1,132	55	1,042	56
Between 31 and 40 years	631	31	569	31
Between 41 and 50 years	247	12	206	11
51 years and above	44	2	34	2
Grand Total	**2,054**	**100**	**1,851**	**100**

J. Financial Calendar for the year 2019-20

(Tentative and subject to change)

i.	**Financial Reporting**	
	First quarter ending June 30, 2019	between 15th to 31st of July 2019
	Second quarter ending September 30, 2019	between 15th to 31st of October 2019
	Third quarter ending December 31, 2019	between 15th to 31st of January 2020
	Year ending March 31, 2020	between 20th to 30th of April 2020
ii.	**Annual General Meeting**	
	Year ending March 31, 2019	July 08, 2019
	Year ending March 31, 2020	July, 2020
iii.	**Dividend**	
	Date of Book Closure for AGM	July 02 2019 to July 08, 2019 (both days inclusive)
iv.	**The fiscal year of Nucleus is from April 1 to March 31.**	

K. Shareholder Satisfaction Survey

Your Company is in constant endeavor to offer better and prompt services to its shareholders and in an effort to achieve this objective, a Shareholder Satisfaction Survey is conducted, to assess the level of satisfaction among Nucleus shareholders and identify areas of strengths and weakness of Nucleus perceived by the shareholders.

A Shareholder Satisfaction Survey is conducted through a shareholder feedback form uploaded on investors section of the Company website, for online filing. It is our constant endeavor to provide efficient and prompt services to the shareholders. responses received through this survey it help us :

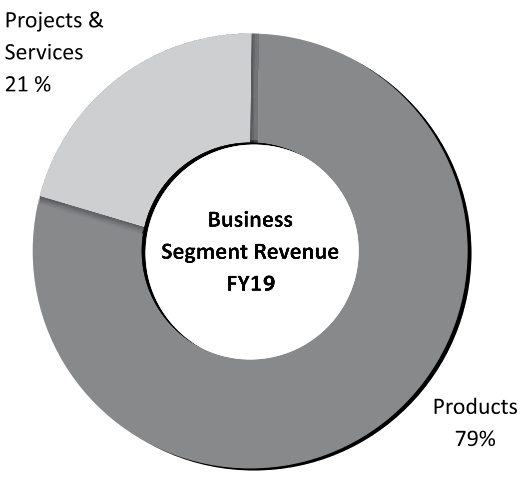
- o to assess the level of satisfaction among Nucleus shareholders and
- o identify areas of strengths and weakness of Nucleus as perceived by the shareholders.

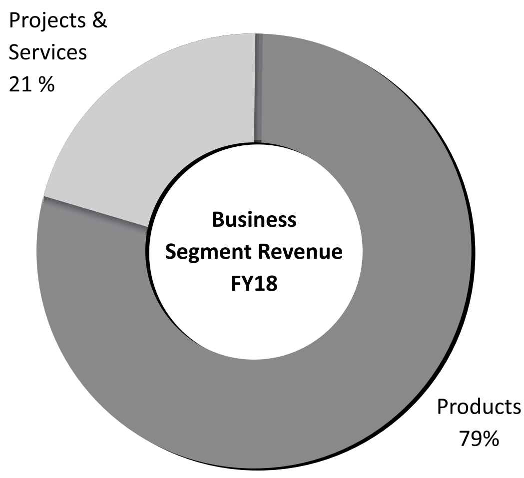
SEGMENT INFORMATION AND RATIO ANALYSIS

Consolidated Segment Information of Nucleus Software Group

(₹ in crore)

REVENUE BY	For the Year Ended March 31,			
	2019	% of Revenue	2018	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	148.98	30.78	126.66	30.76
Far East	63.15	13.05	62.16	15.09
South East Asia	112.89	23.32	89.90	21.83
Europe/ U.K.	50.47	10.43	42.11	10.23
Middle East	76.27	15.76	62.11	15.08
Africa	21.54	4.45	11.04	2.68
Australia	9.41	1.94	10.72	2.60
Rest of the World	1.32	0.27	7.11	1.73
TOTAL	**484.03**	**100.00**	**411.81**	**100.00**
CURRENCY SEGMENT				
Indian Rupee	148.98	30.78	126.66	30.76
US $	179.17	37.02	171.04	41.53
Japanese Yen	24.96	5.16	26.84	6.52
Singapore $	49.80	10.29	35.17	8.54
Malaysian Ringgit	7.64	1.58	6.13	1.49
Euro	7.01	1.45	12.34	2.99
British Pound	43.11	8.91	9.10	2.21
Swiss Franc	0.34	0.07	0.24	0.06
Australian $	9.41	1.94	10.72	2.60
AED	9.81	2.02	9.59	2.33
ZAR	3.80	0.78	3.98	0.97
TOTAL	**484.03**	**100.00**	**411.81**	**100.00**
BUSINESS SEGMENT				
Products	**383.27**	**79.18**	**326.09**	**79.18**
Own	380.27	78.56	322.88	78.40
Traded	3.00	0.62	3.21	0.78
Projects & Services	**100.76**	**20.82**	**85.72**	**20.82**
TOTAL	**484.03**	**100.00**	**411.81**	**100.00**





Ratio Analysis

CONSOLIDATED PERFORMANCE

Particulars	2019	2018	2017	2016	2015
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	69.22	69.24	72.93	80.52	84.18
Domestic Revenue/ Revenue (%)	30.78	30.76	27.07	19.48	15.82
Total Operating Expenses/ Revenue (%)	83.73	85.87	85.68	91.34	81.51
Operating Profit/ Revenue (%)	16.27	14.13	14.32	8.66	18.49
Depreciation/ Revenue (%)	2.05	1.71	3.01	3.50	3.39
Other Income/ Revenue (%)	5.68	6.97	8.63	7.19	8.96
Tax/ Revenue (%)	4.49	4.20	2.17	3.27	6.21
Effective Tax Rate - Tax/ PBT (%)	22.59	21.68	10.90	26.00	25.32
PAT from Ordinary Activities/ Revenue(%)	9.72	8.21	9.14	2.12	9.36
PAT from Ordinary Activities/Net Worth(%)	9.25	7.33	6.36	1.59	7.54
Ratios- Return					
ROCE (PBIT/ Average Capital Employed) (%)	19.86	16.03	14.87	9.73	20.75
ROANW (PAT/Average Net Worth) (%)	15.37	12.56	13.25	7.20	15.49
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	54	72	65	98	87
Asset Turnover Ratio	0.71	0.64	0.56	0.59	0.81
Current Ratio	2.13	1.79	3.07	3.08	3.60
Cash and Equivalents/Shareholders’ funds (%)	50.93	46.60	56.15	53.36	64.16
Cash and Equivalents/ Revenue (%)	53.51	52.20	80.66	70.94	79.64
Depreciation/Gross Carrying Amount(%)	13.83	11.14	20.03	23.81	8.51
Technology Investment/ Revenue (%)	1.26	1.28	0.68	1.34	2.24
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	17.54	10.59	6.79	(1.26)	2.00
Growth in Export Revenue (%)	17.50	4.99	(3.27)	(5.54)	7.56
Operating Expenses Growth (%)	14.61	10.84	0.17	10.66	2.93
Operating Profit Growth (%)	35.33	9.09	76.66	(53.77)	(1.91)
PAT Growth (%)	19.17	(5.47)	103.77	(49.82)	0.58
EPS Growth (%)	25.41	0.18	103.78	(49.82)	0.55
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	16.20	11.65	10.51	2.28	10.21
Earning Per Share (Including Other Income) (₹)	25.67	20.47	20.43	10.03	19.98
Cash Earning Per Share from Ordinary Activities (₹)	19.62	14.07	13.97	6.06	13.91
Cash Earning Per Share (Including Other Income) (₹)	29.09	23.96	23.90	13.80	23.68
Book Value Per Share (₹)	175.12	158.85	165.19	143.17	135.37
Price/Earning (Annualized)	13.24	19.59	12.05	19.29	8.46
Price/ Cash Earning (Annualized)	11.69	16.73	10.30	14.01	7.14
Price/Book Value	1.94	2.52	1.49	1.35	1.25
Dividend Per Share (DPS)	9.00	8.00	5.00	5.00	5.00
Dividend (%)	90	80	50	50	50
Dividend Payout (In ₹ Crore)	26.14	23.23	16.19	16.19	16.19

Notes:
1. While calculating the consolidated figures of group, inter group transactions have been ignored.
2. Previous year figures have been regrouped/ reclassified wherever necessary.
3. Cash and Equivalents includes cash and bank balances and current investments.

Glossary

ADR	American Depository Receipt
ADM	Application Development & Maintenance
BFS	Banking & Financial Services
BSE	Bombay Stock Exchange Ltd.
BPO	Business Process Outsourcing
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DP	Depository Participant
DRF	Demat Requisition Form
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ECL	Expected Credit Loss
ESOP	Employee Stock Option Plan
EU	European Union
FAQ	Frequently Asked Questions
FVOCI	Fair value through other comprehensive Income
FVTPL	Fair value through Profit or Loss
GDP	Gross Domestic Product
GDR	Global Depository Receipt
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IPO	Initial Public Offer
IT	Information technology
ITES	Information Technology Enabled Services
Ind As	Indian Accounting Standards
IP	Intellectual Property
MCA	Ministry of Corporate Affairs
MDA	Management Discussion and Analysis
MD	Managing Director
NASSCOM	National Association of Software and Services Companies
NSE	National Stock Exchange of India Ltd.
NGO	Non Governmental Organisation
OCI	Other Comprehensive Income
PDF	Portable Document Format
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
SEBI	Securities & Exchange Board of India
SEZ	Special Economic Zone
STPI	Software Technology Parks of India

Nucleus Software Exports Limited
CIN : L74899DL1989PLC034594
Regd. Office: 33-35, Thyagraj Nagar Market, New Delhi - 110003. Tel : +91 - 120 - 4031400; Fax : +91 - 120 - 4031672
Email : investorrelations@nucleussoftware.com, Website : www.nucleussoftware.com

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtieth Annual General Meeting (AGM) of the Members of Nucleus Software Exports Limited will be held on Monday, the 08th day of July 2019, at 04:00 P.M. at **PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016** to transact the following business:

Ordinary Business:

1. **Adoption of Financial Statements**

   To receive, consider and adopt:

   a) the audited financial statements of the Company for the year ended March 31, 2019 including Audited Balance Sheet and Profit and Loss account as on March 31, 2019 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon and

   b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019.

2. **Declaration of Dividend**

   To declare a final dividend of ₹ 9 per Equity Share for the financial year ended March 31, 2019

3. **To re-appoint Ms. Ritika Dusad (DIN 07022867), as a Director of the Company who retires by rotation and being eligible offer herself for re-appointment.**

   "**RESOLVED THAT** pursuant to the provisions of Sec 152 and other applicable provisions of the Companies Act ,2013 , the approval of the members of the Company , be and is hereby accorded to the re-appointment of Ms. Ritika Dusad , as a Non-Executive Director of the Company, who retires by rotation and being eligible offers herself for reappointment."

Special Business :

4. **Re-appointment of Mr. Prithvi Haldea (DIN 0001220**) **as an Independent Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:

   "**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Prithvi Haldea (DIN 0001220), Non-Executive and Independent Director of the Company , whose current period of office is expiring on July 25, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. July 26, 2019 upto July 25, 2024."

   RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution"

5. **Re-appointment of Prof. Trilochan Sastry (DIN 02762510) as an Independent Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:

   "**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for re-appointment of Prof. Trilochan Sastry (DIN 02762510) , Non-Executive and Independent Director of the Company, whose current period of office is expiring on July 25, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. July 26, 2019 upto July 25, 2024."

   RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution"

6. **Re-appointment of Mrs. Elaine Mathias** (**DIN 06976868) as an Independent Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:

   "**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mrs. Elaine Mathias (DIN 06976868), Non-Executive and Independent Director of the Company , whose current period of office is expiring on September 19, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. September 20, 2019 upto September 21, 2024."

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution"

7. Reappointment of Mr. R P Singh (DIN 00008350) as an Executive Whole Time Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sec 196 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) , the Articles of Association of the Company, and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. R P Singh, (DIN 00008350) , CEO and Executive Director of the Company , whose current period of office is expiring on July 25, 2019 and who has signified his consent to act as a Director of the Company, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013 as an Executive Director of the Company , whose office shall be liable to retirement by rotation under the Companies Act, on the terms and conditions and on the remuneration, which is as follows:

1. **Fixed Salary**: ₹1,79,58,672 p.a. (Comprising primarily of Basic salary, House rent allowance, Medical allowance, Leave travel allowance, Refreshment allowance and others) to be paid in accordance with Company's policy and subject to withholding tax.
2. **Performance bonus /Special bonus/ Variable payout:** Annual Variable pay/Special bonus for each fiscal year subject to Company's achievements or as determined by the Board or its committee.
3. **Employee benefits**: Benefit Plans as maintained by the Company including Provision of Company Cars with Driver, Communication facilities at office and/or residence for official purposes, Personal accident insurance/ Group life insurance, contribution to retirement benefits such as Provident fund, Pension fund, Gratuity, etc.
4. **Leave** with full pay and allowances shall be allowed per the Rules of the Company.
5. **Commission**: Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sections 196 and 197 of the Companies Act 2013 and rules made thereunder.

   Periodic increment : The components of Mr. R. P. Singh's compensation as set above may be revised from time to time, by the Board or Committee at its sole discretion.

   All the above mentioned components of the Compensation shall be paid, in accordance with the Company's normal payroll practices and subject to withholding tax and shall always be subject to the overall ceiling laid down in Section 196 and 197 and other applicable provisions of the Companies Act 2013.
6. **Minimum Remuneration:** In the event of absence or inadequacy of profits in any financial year during the tenure of the Mr. R P Singh, remuneration by way of salary and perquisites shall be paid as minimum remuneration subject to the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) or such other limits as prescribed by the Government from time to time as minimum remuneration.

   RESOLVED FURTHER THAT the above terms and conditions of appointment and/or remuneration shall be varied in the Nomination and Remuneration/Compensation Committee accordance with Board members instructions, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force "

8. Payment of Commission to Non Executive Directors of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as ORDINARY RESOLUTION:

"**RESOLVED THAT** as recommended by Nomination and Remuneration/Compensation Committee and approval of the Board of Directors pursuant to applicable provisions of Sec 149 (9), and Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended from time to time, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year, commencing from April 1, 2019."

By Order of the Board of Directors
For Nucleus Software Exports Limited

Sd/-
(Poonam Bhasin)
Company Secretary
(Membership No.:A10865)

Noida
April 23 2019

Registered Office:
33-35, Thyagraj Nagar Market,
New Delhi 110 003
CIN: U74899DL1989PLC034594
e-mail: investorrelations@nucleussoftware.com

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING**.

   PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/ AUTHORITY, AS APPLICABLE. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The Register of Members and Share Transfer Books of the Company will be closed on July 02 to July 08, 2019 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2018-19, if declared by the members.

3. Members/Proxies should bring duly filled attendance slips attached herewith for attending the meeting.

4. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out under the notice is annexed hereto.

5. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.

6. We urge members to support our commitment to environment protection by choosing to receive their shareholding communication through email. You can do this by updating your email address with your depository participant.

7. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard.

8. Members whose shareholding(s) are in electronic mode are requested to direct changes relating to address, bank mandate and Electronic Clearing Service (ECS) details to their respective Depository participants.

9. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P) ID number on all correspondence with the Company.

10. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.

11. Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting, as extra copies will not be provided.

12. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2011-12 onwards for the Company, are requested to lodge their claims, It may be noted that the unclaimed Final Dividend for the financial year 2011-12 declared by the Company on July 11 2012 can be claimed by the Members by July 10, 2019. Members attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

    The Ministry of Corporate Affairs ('MCA') on May 10, 2012 notified the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amount lying with Companies) Rules 2012. In terms of the above Rules, the Company has uploaded the information in respect of the Unclaimed Dividends, as on the date of last AGM i.e. July 2, 2018, on the website of the Company viz. www.nucleussoftware.com.

13. Details in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting as required under the provisions of Secretarial Standards- 2 issued by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

14. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and related rules thereunder and Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 and related rules thereunder will be available for inspection by Members of the Company at the venue of the meeting.

15. Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least ten days before the meeting so that the same could be suitably answered at the meeting.

16. Copies of the Annual Report 2019 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2019 are being sent by the permitted mode.

17. Electronic copy of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Ballot Paper and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

    Members may also note that the Notice of the 30th Annual General Meeting, Attendance Slip, Proxy Form, Route Map, Ballot Papers and the Annual Report for 2019 will also be available on the Company's website www.nucleussoftware.com for their download. The physical copies of the aforesaid documents will also be available at the Company's registered office, for inspection during normal business hours on working days.

18. Even after registering for e-communication, members are entitled to receive such communication(s) in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investorrelations@nucleussoftware.com

19. In case of joint Members attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote

20. For the immediate reference, route map for reaching the venue of the Annual General Meeting hall is attached.

21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

22. In terms of Section 72 of the Companies Act, 2013 and related rules thereunder, a Member of the Company may nominate a person on whom the Shares held by him/her shall vest in the

event of his/her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form SH-13 to the Company/RTA in case shares are held in Physical form, and to their respective depository participant, if held in electronic form.

23. Members who are holding shares in physical form in identical names in more than one folio are requested to write to RTA enclosing their Share Certificate(s) to enable the Company to consolidate their holding into one folio.

24. MEMBERS MAY NOTE THAT NO GIFTS/GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.

25. Voting through electronic means

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through such voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Pvt. Ltd.:

2. The instructions for e-voting are as under:

   I. To use the following URL for e-voting:

      a. From Karvy website : http://evoting.karvy.com

   II. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cutoff date i.e. closing hours of July 1, 2019 may cast their vote electronically.

   III. Enter the login credentials [i.e., user id and password mentioned in the Notice of the AGM]. Your Folio No/ DP ID Client ID will be your user ID.

   IV. After entering the details appropriately, click on LOGIN.

   V. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   VI. You need to login again with the new credentials.

   VII. On successful login, the system will prompt you to select the EVENT i.e., Nucleus Software Exports Limited.

   VIII. On the voting page, enter the number of shares as on the cutoff date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

   IX. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.

   X. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

   XI. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

   XII. The Portal will remain open for voting from: 10 A.M. on July 4, 2019 to 5 P.M. on July 7, 2019.

   In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting.karvy.com or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).

3. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of closing hours of July 1, 2019.

4. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the closing hours July 1, 2019 shall be entitled to avail the facility of remote e-voting/Insta Poll

5. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. July 1, 2019 may obtain the User Id and password by sending a request at evoting@karvy.com.

   However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

6. Mr. Sanjay Grover, Practicing Company Secretary (FCS No. 4223) or failing him Mr. Devesh Vashist Practicing Company Secretary (FCS No. 8488) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

7. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Insta Poll" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility

8. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

   The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.nucleussoftware.com and on the website of Karvy Fintech Pvt. Ltd. and communicated to the respective Stock Exchanges, where the securities of the Company are listed.

By Order of the Board of Directors
For Nucleus Software Exports Limited

Sd/-
(Poonam Bhasin)
Company Secretary

Noida
April 23, 2019

Registered Office:
33-35, Thyagraj Nagar Market,
New Delhi 110 003
CIN.U74899DL1989PLC034594
e-mail: investorrelations@nucleussoftware.com

EXPLANATORY STATEMENT

Item No 4, 5 & 6:

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. Prithvi Haldea (DIN 00001220) and Prof. Trilochan Sastry as Independent Directors, for a second term of five years from July 26, 2019, not liable to retire by rotation. They were appointed as Independent Directors on July 25, 2014.

Mrs. Elaine Mathias whose term as Independent Director expiring on 19 September, 2019, the Board proposes her re- appointment for a second term of five years from September 20, 2019.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee and their background, experience and contribution, consider that the continued association of aforesaid Independent Directors, would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors.

The Company has received declarations from them to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, they fulfill the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Directors and are independent of the management of the Company. The terms and conditions of their appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment as Independent Directors is now being placed before the Members for their approval by way of Special Resolutions.

The Board recommends the Special Resolution at Item No.4, 5 & 6 of this Notice for approval of the Members.

Except Mr. Prithvi Haldea, Prof. Trilochan Sastry and Mrs. Elaine Mathias, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolutions set out at Item No. 4, 5 & 6 of the Notice.

Item No. 7:

Mr. R P Singh CEO & Whole Time Director was appointed w.e.f. July 26, 2019 for a period of five years. His present term expires on July 25, 2019.

The Board of Directors of the Company at the meeting held on April 23, 2019, on the recommendation of Nomination and Remuneration committee, has accorded its consent for reappointment of Mr. R P Singh as Whole Time Director to be designated as “Chief Executive Officer and Managing Director”, for a period of five years w.e.f. July 26, 2019, subject to the approval of members of the Company.

The Company has received from Mr. R P Singh (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. R P Singh, fulfils the conditions specified in the Act and the Rules made thereunder. The Board considers that his continued association would be of immense benefit to the Company.

None of the Directors/Key Managerial Personnel of the Company/ their relatives, except Mr. R P Singh, is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No 7 of the Notice.

This The Board recommends the Special Resolution set out in item no.7 of the notice for the approval by the members.

Item No. 8:

Section 197 of the Act permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorises such payment by way of a resolution of Members. Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 authorises the Board of Directors to recommend all fees and compensation, if any, to Non-Executive Directors, including Independent Directors and shall require approval of Members in general meeting. The Members of the Company at the Annual General Meeting of the Company held in July, 2014, approved of the payment of commission to Non-Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of five years which expired on April 1, 2019.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that remuneration not exceeding one percent per annum of the net profits of the Company calculated in accordance with provisions of Section 197 of the Act, be continued to be paid w.e.f. April 1, 2019 and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration/ Compensation Committee and approved by the Board of Directors of the Company.

Such payment will be in addition to the sitting fees for attending Board/ Committee meetings. The Board recommends the Resolution at Item No. 8 of the accompanying Notice for approval by the Members.

All the Directors of the Company (except the Chief Executive Officer and Managing Director and his relatives) are concerned or interested in the Resolution at Item No. 8 of the Notice to the extent of the remuneration that may be received by each of these Directors.

None of the Key Managerial Personnel of the Company is concerned or interested in the Resolution at Item No. 8 of the Notice.

PROFILE OF THE DIRECTORS RECOMMENDED FOR APPOINTMENT/ RE-APPOINTMENT

Mr. Prithvi Haldea, Independent Director

Mr. Prithvi Haldea did his MBA from Birla Institute of Technology & Science, Pilani in 1971. Over the next 18 years, he worked at senior positions in the corporate sector in the areas of exports, consulting and advertising. During late 70s and early 80s, he was also associated with the information industry and, among various activities, worked as a consultant with The World Bank and the U.S. Department of Commerce.

In 1989, Mr. Haldea set up PRIME Database, the country’s first and still the only database on the primary capital market. It has a large subscriber base, and is widely reported by the media. Mr. Haldea has been a visiting faculty at several institutions and has addressed hundreds of conferences.

Mr. Haldea is presently a Member of the Government’s Standing Council of Experts for the Financial Sector. He is also a member of several committees including SEBI Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures, and Advisory

Committee on Individual Insolvency and Bankruptcy, Insolvency and Bankruptcy Board of India. Mr. Haldea is a member of the Jury for ASSOCHAM's awards for Corporate Governance and for Corporate Social Responsibility. He is also a member of the Editorial Board of ICSI and Financial Services Committee of ICSI. Additionally, he is an Advisor to the Association of Investment Bankers of India, Gaja Capital, BGJC & Associates, and Association of Independent Directors of India.

Prof. Trilochan Sastry, Independent Director

Professor Trilochan Sastry, former Dean at IIM Bangalore, currently teaches at IIM Bangalore. A B.Tech from IIT, Delhi, an MBA from IIM, Ahmedabad, and a Ph.D. from MIT, USA, Professor Sastry has taught for several years at IIM, Ahmedabad after which he moved to IIM, Bangalore. A recipient of national award for research and teaching, Professor Sastry has taught in many prestigious Universities in India, Japan, Hong Kong and United States and has published several academic papers in Indian and International journals. He had earlier served on the Board of NABARD and also on the Board of IIM Bangalore for 5 years. He is currently a Director on the Board of India farm Foods Pvt. Ltd.

Mrs. Elaine Mathias, Independent Director

Mrs. Elaine Mathias is a B.Com (Hons.) graduate from Sydenham College of Commerce and Economics, Mumbai. She has a dual Professional qualification and is a Fellow member of the Institute of Chartered Accountants of India and also an Associate member of the Institute of Cost Accountants of India.

Mrs. Elaine Mathias is a highly reputed professional with thirty four years' experience in Bharat Electronics Limited (BEL), Bangalore, a Navratna Company under the Ministry of Defence, Government of India, from where she superannuated as Executive Director (Finance). At BEL she was in charge of various portfolios in Corporate Finance like Accounts, Taxation, Treasury, Budgeting and Pricing and introduced continuous improvements in systems and procedures in all these areas.

Besides her Finance role, she played a very active part in all Human Relations activities including negotiations with the Unions and framing of Personnel Policies within the Government Guidelines. She has proficiency in development of various financial systems, risk management, regulatory compliances, strategy implementation, talent management, best practices of Corporate Governance.

At the time of her superannuation, she was the Chairperson of various Trusts and Committees like the BEL Gratuity Trust, the BEL Superannuation Pension Trust and the Corporate Committee against Sexual Harassment of Women at the Workplace.

Mr. R. P. Singh, Executive Director

Mr. Ravi Pratap Singh started his career with Nucleus Software in 1986 and has been part of the team since then. Currently, Mr. Ravi Pratap Singh (RP), is the Chief Executive Officer at Nucleus Software.

In 2014, he joined the Board as an Executive Director. Product innovation is RP's passion and he has been spearheading the launch of cutting edge products at Nucleus Software. His entire career has been spent in designing, developing & delivering best-in-class software solutions for global Banking and Financial Services leaders. RP started the Nucleus School of Banking Technology (NSBT) as a new division of Nucleus Software in 2010 with a vision of developing world class Banking (& Financial) Technology Professionals.

Being a natural mentor and a technocrat of high calibre himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate. In his role as the Global Head of Delivery, RP introduced many measurement models and spearheaded quality initiatives. His innovative yet practical approach to solving "real" business problems makes him a repository of knowledge.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting

Particulars	**Mr. Prithvi Haldea**	**Prof. Trilochan Sastry**	**Mrs. Elaine Mathias**	**Mr. R. P. Singh**
Terms and Conditions of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment
Details of Remuneration Sought to be Paid	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As recommended by Nomination and Remuneration / Compensation Committee as approved by Board.
Date of first appointment on the Board	July 26, 2014	July 26, 2014	September 20, 2014	July 26, 2014
The Remuneration Last Drawn	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report
Number of shares held in the Company	Nil	Nil	Nil	151977
Directorship held in other Companies	• Nucleus Software Limited • Multi Commodity Exchange of India Limited • Insolvency and Bankruptcy Board of India	India Farm Foods Pvt. Ltd.	Nil	• Nucleus Software Limited • Virstra i-Technology Services Ltd. • Nucleus Software Japan Kabushiki Kaisha • Nucleus Software Netherlands B.V

Particulars	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Mrs. Elaine Mathias	Mr. R. P. Singh
	• Praxis Consulting & Information Services Pvt. Ltd. • Venture Media Pvt. Ltd. • Primedatabase.com Pvt. Ltd. • Prime Investors Protection Association & League • BGJC & Associates LLP • Virstra I-Technology Services Ltd.			
Inter-se relations between the Board members/ relationship with other Directors, Manager and other Key Managerial Personnel of the company.	Nil	Nil	Nil	Nil
Number of Meetings of the Board attended during the Year	8	7	8	8
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders / Investor Grievance Committee	• Nucleus Software Ltd. • Virstra I-Technology Services Ltd. • Multi Commodity Exchange of India Limited	Nil	Nil	Nil

Nucleus Software Exports Limited

CIN : L74899DL1989PLC034594

Regd. Office: 33-35, Thyagraj Nagar Market, New Delhi - 110003, Tel : +91 - 120 - 4031400; Fax : +91 - 120 - 4031672
Email : investorrelations@nucleussoftware.com, Website : www.nucleussoftware.com

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip on request.

ATTENDANCE SLIP

DP. ID	Regd. Folio No.
Client ID	

No. of Share(s) held:

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the **THIRTIETH ANNUAL GENERAL MEETING** of the Company to be held on Monday, the 8th day of July 2019, at 04:00 P.M. at PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110016.

Name of the Member/Proxy Signature of the Member/Proxy

*Holder of this form may vote either For or Against each resolution at the Annual General Meeting

....TEAR HERE...

Nucleus Software Exports Limited

CIN : L74899DL1989PLC034594

Regd. Office: 33-35, Thyagraj Nagar Market, New Delhi - 110003, Tel : +91 - 120 - 4031400; Fax : +91 - 120 - 4031672
Email : investorrelations@nucleussoftware.com, Website : www.nucleussoftware.com

PROXY FORM

D.P. ID	Regd. Folio No.
Client ID	

I/ We ....

of .... being a member / members of Nucleus Software Exports Ltd.

hereby appoint .... of

.... or failing him

.... of ....

as my / our proxy to vote for me / us on my / our behalf at the **THIRTIETH ANNUAL GENERAL MEETING** of the Company to be held on Monday, the 8th day of July 2019, at 04:00 P.M. and at any adjournment thereof in respect of such resolution as are indicated below.

Resolution			**For**	**Against**
1.	To receive, consider and adopt :			
	a)	the audited financial statements of the Company for the year ended March 31 2019 including Audited Balance Sheet and Profit and Loss account as on March 31, 2019 alongwith Cash Flow statement as on that date together with the reports of the Board of Directors and Auditors thereon and		
	b)	the audited consolidated financial statements of the Company for the financial year ended March 31, 2019		
2.	To declare dividend for the Financial Year 2018-19			
3.	To re-appoint Ms. Ritika Dusad (DIN: 07022867), as Director of the Company who retires by rotation and being eligible offer herself for re-appointment.			
4.	Re-appointment of Mr. Prithvi Haldea (DIN 0001220) as an Independent Director			
5.	Re-appointment of Prof. Trilochan Sastry (DIN 02762510) as an Independent Director			
6.	Re-appointment of Mrs. Elaine Mathias (DIN 06976868) as an Independent Director			
7.	Re-appointment of Mr. R.P. Singh (DIN 00008350) as an Executive Whole-Time Director			
8.	Payment of Commission to Non-Executive Directors of the Company			

Signed.. day of 2019

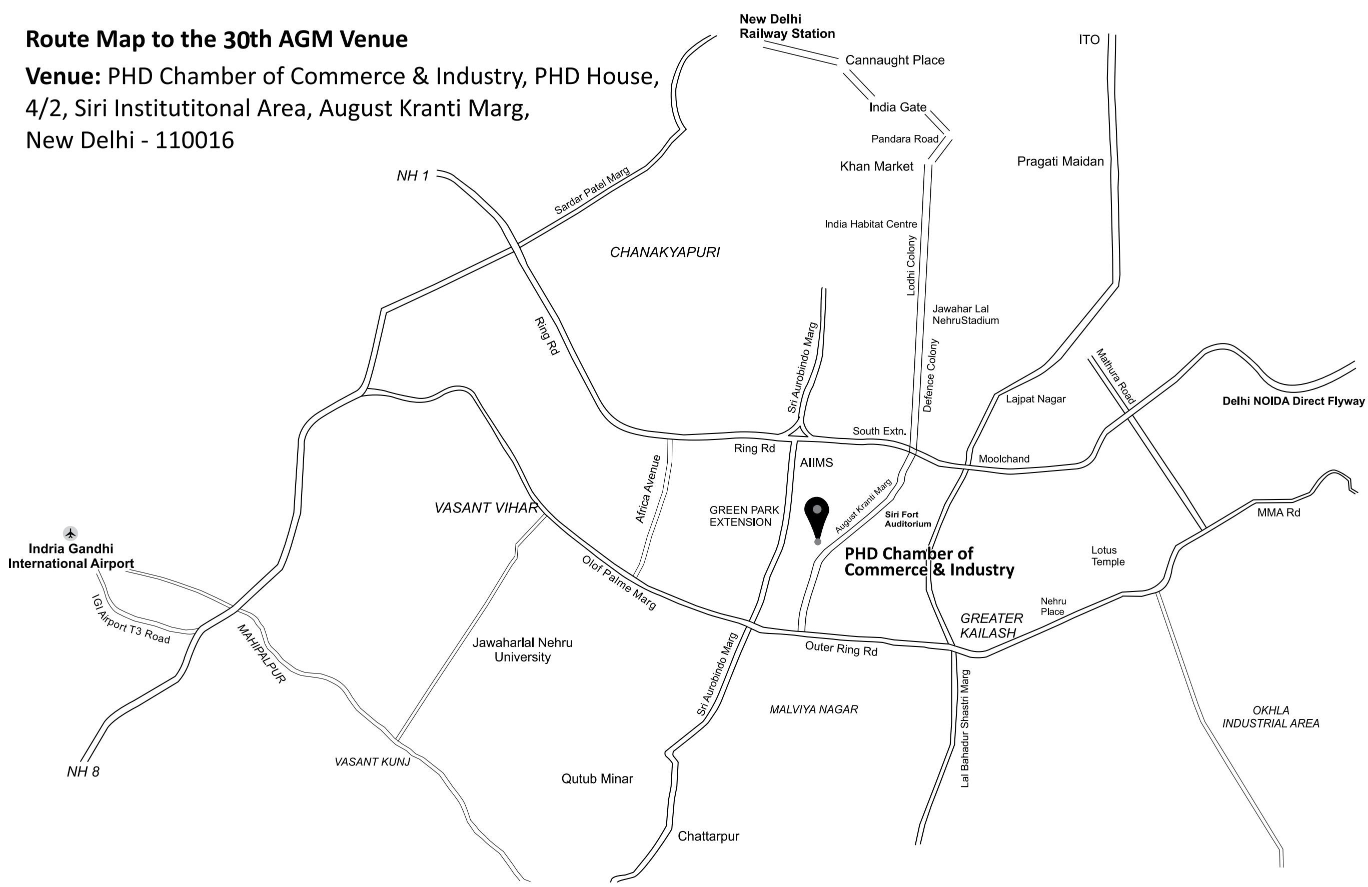
Affix a ₹ 1/-Revenue Stamp

Note:

1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Holder of this form may vote either For or Against each resolution.
3. If you leave the **For** or **Against** column blank against any or all resolutions, you proxy will be entitled to vote in the manner as he/she may deem appropriate.

Route Map to the 30th AGM Venue

Venue: PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutitonal Area, August Kranti Marg, New Delhi - 110016



Nucleus Software recognized as one of the five most significant mobile banking solution vendors

300,000 users log in to our systems each day

10 time winner World's best-selling lending solution

3 decades of expertise in banking and financial services

Winner of Celent Model Bank Vendor 2016 Award

NUCLEUS SOFTWARE

SALES@NUCLEUSSOFTWARE.COM
WWW.NUCLEUSSOFTWARE.COM

GLOBAL OFFICES: AMSTERDAM | CHENNAI | DUBAI | JAIPUR | JOHANNESBURG | LONDON | MANILA | MUMBAI | NEW DELHI | NEW JERSEY | NOIDA | SINGAPORE | SYDNEY | TOKYO.