

## **REPORT ON CORPORATE GOVERNANCE**

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## Report on Corporate Governance

*“Corporate Governance is the acceptance by Management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a Company.”* Excerpts from Securities and Exchange Board of India (SEBI) Consultative Paper on Review of Corporate Governance Norms in India.

Both globally as well as in India, Corporate Governance is increasingly being recognized as a key component in the efficient functioning of every business. Good Corporate Governance practices are sine qua non for a sustainable business organisation that aims at generating long term value for all its stakeholders. It mainly involves the establishment of structures and processes, with appropriate checks and balances, that enable the Board to discharge its responsibilities accordingly.

In order to align with the provisions of the Companies Act, 2013, to adopt best practices on Corporate Governance and to make the Corporate Governance framework more effective, in April 2014, the Securities and Exchange Board of India (SEBI) made amendments to Clauses 35B and 49 with a view to review the provisions of the Listing Agreement. Upon examination of the representations and concerns therein raised by representatives of market participants including companies and industry associations, SEBI further made amendments to Clause 49 of the Listing Agreement to foster an environment of adoption of best practices of Corporate Governance for listed entities, effective October 1, 2015.

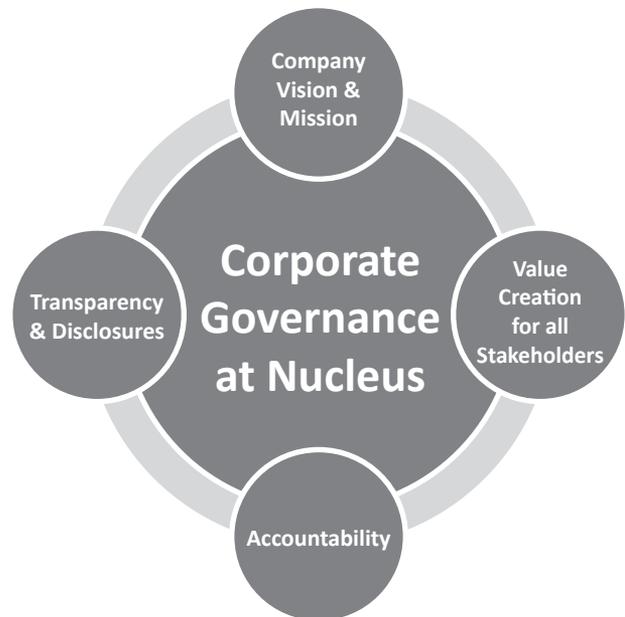
Our commitment to adoption of best practices of Corporate Governance makes us compliant with the Companies Act 2013 as well as the mandatory provisions of Corporate Governance of Listing Agreement.

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

## Company's philosophy on Corporate Governance



Nucleus believes that effective Corporate Governance implies fair, transparent and equitable treatment of all its stakeholders including shareholders, partners, vendors, customers and employees. The driving forces of Corporate Governance at Nucleus are its core values: belief in people, entrepreneurship, customer orientation and pursuit of excellence. Corporate Governance philosophy at Nucleus is to not only comply, not just in letter but also in spirit, with the statutory requirements, but also voluntarily formulate and adhere to best Corporate Governance practices.

**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 top management. It places special emphasis on compliance as also ensuring that the Company operates in the best interests of all its shareholders.

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Nucleus firmly believes that Board independence is essential to bring objectivity and transparency in the management of the Company. The current policy is to have an appropriate mix of executive and independent Directors to maintain 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.

### b) Size and Composition of the Board

An ideal Board should ensure an appropriate balance of power, independence and authority. As of March 31, 2015, the Board at Nucleus consists of seven members; five of Board members are Non-Executive, Independent, 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, 2015:

Name of Director	Position	Age in years
Mr. Janki Ballabh (DIN 00011206)	Chairman, Non-Executive, Independent Director	72
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	58
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	64
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	61
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	55
Mr. R. P. Singh (DIN 00008350)	Executive, Whole-time Director	52
Mr.N Subramaniam (DIN 00166621)	Non-Executive, Independent Director	54

Table 1

Mr. Janki Ballabh, Mr. Prithvi Haldea, Prof. Trilochan Sastry and Mr. N Subramaniam were existing Independent Directors. During the year, in order to comply with provisions of Companies Act 2013, and Rules made thereunder, all of them were appointed as Independent Directors by the shareholders as per the Companies Act, 2013, not liable to retire by rotation, to hold office for five consecutive years.

The Companies Act 2013, Rules made thereunder and listing agreement with the Stock Exchanges (including amendments) provide for appointment of Woman Director for prescribed Companies. In compliance with these provisions, the Board of Directors on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Elaine Mathias as a Woman Director (Additional Independent Director) of the Company on September 20, 2014. Mrs. Elaine Mathias is a highly reputed professional and earlier served as an Executive

Director (Finance) in Bharat Electronics Limited, Bangalore. She brings along with her over 34 years of rich experience in finance and corporate management.

During the year, the Board of Directors also appointed Mr. R. P. Singh as an Additional Whole Time Director, pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. R. P. Singh has been associated with the Company since inception. Mr. R. P. Singh, President and Head Global Product Management, is a highly respected professional and a part of the core management team of the Company.

The shareholders of the Company through postal ballot, approved the appointment of Mrs. Mathias as an Independent Director as per the Companies Act, 2013 for a period of five years and Mr. Singh as a Whole Time Director liable to retire by rotation.

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

#### Mr. Janki Ballabh, Chairman, Independent Director

Mr. Janki Ballabh, an eminent banker and former Chairman of the State Bank of India and State Bank Group, has vast experience and expertise in finance, banking and corporate management.

He is presently a Director on the Boards of Tata AIG Life Insurance Co. Ltd., Tata Capital Ltd., Tata Capital Housing Finance Ltd., Tata Capital Financial Services Ltd., and Tata AIG General Insurance Company Ltd. In addition to his general corporate experience, his vast and rich experience, consistent with Nucleus strategy, provides strategic and operational excellence to the Company and a capability to drive innovation.

Mr. Janki Ballabh joined the Board of Directors of Nucleus Software Exports Ltd. in November 2008.

#### Mr. Vishnu R. Dusad, Managing Director & CEO

Mr. Vishnu R. Dusad is one of the main 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 the Indian Institute of Technology (IIT), Delhi and 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 28 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 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.

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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 is a visiting faculty at several institutions and has addressed hundreds of conferences in India and abroad.

Mr. Haldea is presently the Member of the Government's Standing Council of Experts for the Financial Sector, FSDC Committee on Commission/Incentive Structure of the Distributors of Financial Products, Ministry of Finance Task Force on Financial Redress Agency, and Member of the Quality Review Board-ICAI. He is also a member of several committees including SEBI Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures and Application Form in Public Issues, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Listing Advisory Committee of NSE. Mr. Haldea is the Chairman of PHDCCI Capital Markets Committee and Chairman of the ASSOCHAM's National Council for Capital Markets. He is also a Jury for ASSOCHAM's awards for Corporate Governance and for Corporate Social Responsibility. Mr. Haldea is also a member of the Expert Group for ICSI National Award for Excellence in Corporate Governance. Additionally, he is an Advisor to the Association of Investment Bankers of India and to Gaja Capital Pvt. Ltd.

In the past, 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 The Institute of Chartered Accountants of India, Central Government Nominee on the Governing Council of The Institute of Company Secretaries of India, 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, 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, and Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE. He was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years till end 2011. He was also a member of CII's National Task force on Financial Markets and NASSCOM's Corporate Governance & Ethics Committee.

As an investor protection activist and proponent of good 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](http://www.watchoutinvestors.com), aggregating information on economic defaulters which now lists over 1,75,000 cases, [www.primedirectors.com](http://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](http://www.indianboards.com) profiling directors of listed companies and [www.msmementor.in](http://www.msmementor.in), a national skills registry of professionals for the benefit of MSMEs. He had earlier designed and maintained [www.directorsdatabase.com](http://www.directorsdatabase.com), covering detailed profiles of directors of Indian listed companies and [www.iepf.gov.in](http://www.iepf.gov.in), an investor education initiative. Mr Haldea has also extended his skills of information management to other organizations, by creating

[www.bsepsu.com](http://www.bsepsu.com), a website dedicated to disinvestments, a new website [www.divest.nic.in](http://www.divest.nic.in) for the Department of Disinvestment, and the PE/VC Directory for the Indian Venture Capital Association.

Mr. Prithvi 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 and Works 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). BEL has 9 Geographic Units encompassing 20 Strategic Business Units and has a product range of more than 300 products. 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.

She was the Finance member of the team that negotiated the initial Business Plan for the Joint Ventures BEL has formed with international companies of repute. She played a major role in negotiating with the Operating Agency and bringing about the turnaround of the BEL Subsidiary in 2000-2001.

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, etc. She has good communication skills and is called upon to deliver talks both in-house and in reputed Institutes.

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 BTech. 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

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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 serves on the Board of NABARD and had earlier served on the Board of IIM Bangalore for 5 years.

Professor Trilochan Sastry joined the Board of Directors of Nucleus Software Exports Ltd. in April 2013 and of Nucleus Software Limited in August 2014.

### 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, or 'RP', is the Head – Global Product Management at Nucleus Software. Recently, 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 caliber himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate.

As the Head – Global 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.

### Mr. N. Subramaniam, Independent Director

Mr. N. Subramaniam is a post graduate from IIM Ahmedabad 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 L&T Finance Ltd, Omkar Clean Energy Services Private Limited, Ganesha Ecosphere Limited, L&T Vrindavan Properties Limited, NS Equity Advisors Private Limited. In the past, he has been the Chairman of Venture Capital Association of India, Infracore 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 and B&M Hotbreads Pvt Ltd. 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.

### 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.

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

### d) Selection of Independent Directors

Nomination and Remuneration 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 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 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 Clause 49 of the Listing Agreement with the stock exchanges.

### e) Familiarisation 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.

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- 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 maximise 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 details of familiarisation 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 Chairman provides the necessary support to the CEO, and both have regular and structured access to the executive and management team. 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, with the Chairman 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.
- Assist and guide the CEO as a mentor/coach.

- 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.
- Oversee the balance of membership of the Board and appointments to the Committees.
- Identify the development needs of individual Directors, and of the Board as a whole, and facilitate appropriate training.

#### 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 organisation 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.

During the year, the Company appointed Mr. R. P. Singh as Executive Director of the Company, liable to retire by rotation. The resolution to designate Mr. Vishnu R. Dusad, CEO and Managing Director, as liable to retire by rotation is being placed at the forthcoming Annual General Meeting for the approval of shareholders. Both these Executive Directors have been appointed by shareholders for tenure of a maximum period of five years.

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) Mechanism for Evaluating Board members

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 energised, proactive and effective Board.

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The Board, along with the Nomination and Remuneration Committee, laid down the criteria for evaluation of the performance of all Directors, which then became a part of the Board Effectiveness Survey. The questionnaire of the Survey, which had 19 specific points, was 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.

### j) Compensation of the Board of Directors

Compensation of the Executive Directors is approved by the shareholders.

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.

All Board level compensation is approved by the shareholders and disclosed separately in the financial statements.

#### Compensation Paid / Payable to the Directors for the period April 2014 to March 2015

(Amount in ₹)

Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. Janki Ballabh	Chairman, Non-Executive, Independent Director	–	–	–	1,354,167	520,000	1,874,167
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	6,000,000	360,000	716,830	–	–	7,076,830
Mr. Prithvi Haldea	Non-Executive, Independent Director	–	–	–	1,354,167	1,040,000	2,394,167
Mrs. Elaine Mathias	Non-Executive, Independent Director	–	–	–	716,037	440,000	1,156,037
Mr. Sanjiv Sarin*	Non-Executive, Independent Director	–	–	–	367,295	–	367,295
Prof. Trilochan Sastry	Non-Executive, Independent Director	–	–	–	1,354,167	800,000	2,154,167
Mr. R. P. Singh	Non-Executive, Independent Director	8,900,661	444,000	164,400	–	–	9,509,061
Mr. N. Subramaniam	Non-Executive, Independent Director	–	–	–	1,354,167	600,000	1,954,167
<b>Total</b>		<b>14,900,661</b>	<b>804,000</b>	<b>881,230</b>	<b>6,500,000</b>	<b>3,400,000</b>	<b>26,485,891</b>

Table 2

\* Mr. Sanjiv Sarin retired on July 8, 2014

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, 2015. 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 Directors and terms and conditions of the same are disclosed on the website of the Company.

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### Details of Equity Shares held by Independent Directors as on March 31, 2015

Name of Director	Position	No. of Equity Shares
Mr. Janki Ballabh	Chairman, Non-Executive, Independent Director	–
Mr. Prithvi Haldea	Non-Executive, Independent Director	–
Mrs. Elaine Mathias	Non-Executive, Independent Director	–
Prof. Trilochan Sastry	Non-Executive, Independent Director	1,000
Mr. N. Subramaniam	Non-Executive, Independent Director	7,684

Table 3

### k) 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, 2015 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. Janki Ballabh	Chairman, Independent Director	None	5	–	–	4	2
Mr. Vishnu R Dusad	Managing Director, Promoter Executive Director	None	2	7	1	–	1
Mr. Prithvi Haldea	Independent Director	None	2	4	–	1	1
Mrs. Elaine Mathias	Independent Director	None	–	–	–	–	1
Prof. Trilochan Sastry	Independent Director	None	1	–	–	–	3
Mr. R. P. Singh	Executive Director	None	2	1	–	–	–
Mr. N. Subramaniam	Independent Director	None	2	4	–	1	–

Table 4

In accordance with Clause 49 of the Listing Agreement:

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

plans and achievements relating to their respective areas of responsibility.

### l) Board Meetings

#### (i) Information supplied to the Board

The Board has complete access to all information available with the Company. All information stipulated under Clause 49 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

#### (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.

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- 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.
- Moreover, the Company also attaches the “Impact Analysis on Minority Shareholders” for every agenda item at the Board meeting, proactively stating if the agenda item has any adverse impact on the rights of minority shareholders. The Directors discuss such impact analysis, and take appropriate decisions.

### (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 2014-15.

- A minimum of four Board Meetings are required to be held each year. Moreover, the gap between two Board Meetings should not exceed four months. Eight Board meetings were held by your Company during FY 2014-15 and the maximum gap between two Board meetings during the year was two months and twenty three days.
- The dates on which the Board meetings were held during FY 2014-15, and the attendance record of the members in these meetings is provided in a table.

## Report on Corporate Governance

Name of Directors	Board Meeting Dates							
	May 3, 2014	July 26, 2014	August 2, 2014	September 20, 2014	November 1, 2014	December 17, 2014	January 27, 2015	March 23, 2015
Mr. Janki Ballabh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias *	–	–	–	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	X	✓	X	✓	✓	✓	✓
Mr. R. P. Singh**	–	✓	✓	✓	✓	✓	✓	✓
Mr. N. Subramaniam	✓	X	✓	X	✓	✓	✓	✓

Table 5

\* Mrs. Elaine Mathias was appointed on September 20, 2014

\*\* Mr. R P Singh was appointed on July 26, 2014

- 4 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.
- 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. 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.

### m) Discussion with Independent Directors

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

### B. 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. While some of these Committees are mandatory, some are voluntary.

The Board's Committees include Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Compensation Committee, Corporate Governance 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,

## Report on Corporate Governance

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

#### a) Audit Committee

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:

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
  - ✓ Qualifications 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 Clause 49(VII) of the Listing Agreement 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 utilisation 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;

## Report on Corporate Governance

- 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.

### 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

### 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.

#### a) 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 2014-15

Mr. N. Subramaniam is Chairman of the Audit Committee. The Audit Committee of the Company is constituted in line with the section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreements entered into with the Stock Exchanges. The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met eight times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory four months. (The maximum gap between two meetings was two months and twenty eight days).

### The Composition of the Audit Committee as on March 31, 2015 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	8	8
Mr. Prithvi Haldea	Non-Executive, Independent Director	8	8
Mrs. Elaine Mathias	Non-Executive, Independent Director	8	4*
Prof. Trilochan Sastry	Non-Executive, Independent Director	8	6**

Table 6

\* Appointed as member of the Committee on September 20, 2014

\*\* Appointed as member of the Committee on July 26, 2014

The Chairman of the Audit Committee was present at the previous year Annual General Meeting held on July 8, 2014 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, a few days 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 Committee

Nomination and Remuneration Committee was formed in accordance with Section 178 (1) of the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

#### (i) Terms of Reference/Charter of the Nomination and Remuneration Committee

During the year, the Charter of the Committee was further revised in accordance with requirements of newly enacted

## Report on Corporate Governance

Companies Act, 2013 and revised Clause 49 of the listing agreement with Stock Exchanges. 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
- 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
- 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 Committee and Meetings Held during FY 2014-15

Mr. Prithvi Haldea is the Chairman of the Nomination and Remuneration Committee. As of March 31, 2015, the Committee consisted of four 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 Committee as on March 31, 2015 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, Independent Director	4	4
Mr. Janki Ballabh	Independent Director,	4	4
Mr. Vishnu R. Dusad*	Managing Director, Promoter, Executive Director	4	2
Mrs. Elaine Mathias**	Independent Director	4	1
Prof. Trilochan Sastry***	Independent Director	4	2
Mr. N Subramaniam*	Independent Director	4	1

Table 7

\* Ceased to be a member of Committee wef July 26, 2014

\*\* Appointed a member of committee on September 20, 2014.

\*\*\* Appointed a member of committee on July 26, 2014.

The Chairman of the Nomination and Remuneration Committee attended the previous year Annual General Meeting held on July 8, 2014.

### (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 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.

## Report on Corporate Governance

- 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 Committee reviews and finalizes the remuneration of the key executives on an annual basis, or earlier if deemed necessary.

### c) Stakeholder Relationship Committee

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 authorise 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.
- 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.

The Committee's terms of reference/Charter was amended during the year, in order to comply with the provisions of the Companies Act 2013, Rules made thereunder and the revised Clause 49 of the Listing agreement with the stock exchanges.

#### (ii) Composition of the Stakeholder Relationship Committee and Meetings Held during FY 2014-15

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.

#### The Composition of the Stakeholder Relationship Committee as on March 31, 2015 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, Independent Director	4	4
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	4	4
Prof. Trilochan Sastry*	Independent Director	4	3

Table 8

\* Appointed as a member of Committee on July 26, 2014

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 8, 2014.

#### (ii) Details of investor complaints/requests received and resolved during FY 2014-15 are as follows:

Nature of Complaints	No. of Complaints/Requests		
	Received	Resolved	Pending at the year end
Non Receipt of Annual Report	Nil	Nil	Nil
Non Receipt of Dividend Warrant	2	2	Nil
Duplicate/Revalidation of Dividend Warrant	28	28	Nil
Non receipt of securities	Nil	Nil	Nil
Issue of duplicate share certificates	2	2	Nil
SEBI/Stock Exchange/Legal	Nil	Nil	Nil

Table 9

### d) Corporate Governance Committee

To promote good Corporate Governance practices, a Corporate Governance Committee was constituted.

#### (i) Terms of Reference/Charter of the Corporate Governance Committee

This Committee assists the Board in:

- Reviewing the Company's overall structure of Corporate Governance, and make recommendations to the Board in this regard.

## Report on Corporate Governance

- Assessing the Company's policies and processes in key areas of Corporate Governance, with a view to ensuring the Company is at the forefront of good Corporate Governance;
- Monitoring the emerging Corporate Governance trends and evaluate the Company's Corporate Governance policies and recommend to the Board such changes as the Committee believes desirable.
- Monitoring the implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations or any amendments thereto.
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- To perform other responsibilities as may be delegated to it by the Board from time to time.

The Committee's terms of reference/Charter was amended during the year, in line with its objectives.

### (ii) Composition of the Corporate Governance Committee and Meetings Held during FY 2014-15

Mr. Janki Ballabh Chairman of the Board, is Chairman of the Corporate Governance Committee.

The Company Secretary of the Company acts as the Secretary to the Committee.

### (iii) Composition of the Corporate Governance Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh	Committee Chairman, Independent Director	1	1
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	1	1
Mr. Prithvi Haldea	Independent Director	1	1
Mrs. Elaine Mathias*	Independent Director	1	NA
Prof. Trilochan Sastry	Independent Director	1	1
Mr. N. Subramaniam	Independent Director	1	1

Table 10

\* Appointed a member of committee on September 20, 2014.

## e) Compensation Committee

### (i) Terms of Reference/Charter of the Compensation Committee

The Committee administers and supervises the employee stock options schemes of the Company, including review

and grant of options to eligible employees.

The Committee is constituted with powers and responsibilities including, but not limited to:

- For administration and superintendence of employee stock option schemes / restricted stock grant plans or any other shares-based benefit plans for the employees, launched by the Company from time to time; in accordance with the applicable laws.
- To administer any established Trust for the employees' welfare, to the extent desirable and permitted under the applicable laws.
- To determine the eligibility criteria for grant of Employee Stock Options to the employees
- To determine at such intervals, as the Committee considers appropriate, the person/s to whom shares or options may be granted;
- To determine the terms and conditions in respect of grant to, vest in and exercise of options by the employees;
- To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of corporate actions such as merger, sale of division, stock consolidation, rights issue, bonus issue and others;
- To determine the procedure for cashless exercise of Employee Stock Options, if required
- To construe and interpret the plan and to establish, amend rules and regulations for its administration. The Committee may correct any defect, omission or inconsistency in the plan or any option and / or vary/ amend the terms to adjust to the situation that may arise;
- To periodically review the design of and approve the Company's other benefit plans (including retirement, medical and other employee benefit and perquisite plans).
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- To 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
- To perform any other responsibilities as may be delegated to it by the Board from time to time.
- The Committee's terms of reference/Charter was amended during the year, in line with its objectives.

### (ii) Composition of the Compensation Committee and Meetings Held during FY 2014-15

Mr. Prithvi Haldea is the Chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

## Report on Corporate Governance

**The Composition of the Compensation Committee as on March 31, 2015 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, Independent Director	1	1
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	1	1
Prof. Trilochan Sastry	Independent Director	1	1

Table 11

### f) Corporate Social Responsibility (CSR) Committee

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 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:

- To formulate and recommend to the Board, a CSR policy for undertaking permissible CSR activities.
- 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.
- To recommend the amount of expenditure to be incurred on CSR activities.
- 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
- To provide oversight of Social Responsibility
- To monitor and review the operation and effectiveness of Company's Corporate Social Responsibility policies and programs
- To update Board at each regularly scheduled meeting and make relevant recommendations in relation to matters arising for consideration by the Committee
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently
- To make any amendments or modifications in CSR Policy as required by law or otherwise

- 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](http://www.nucleussoftware.com).

#### (ii) Composition of the Corporate Social Responsibility Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Prof. Trilochan Sastry is 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 Committee met once during the year.

#### The Composition of the Corporate Social Responsibility Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

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

Table 12

### 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](http://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

## Report on Corporate Governance

uploaded on the website [www.nucleussoftware.com](http://www.nucleussoftware.com), for public information.

- The Company publishes official news releases and they are also uploaded on the website [www.nucleussoftware.com](http://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](http://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 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 and 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](mailto: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](mailto: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 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 redress 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.

## Report on Corporate Governance

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
<b>FY 13-14, July 8 2014, 11.30 a.m.</b>	Sri Sathya Sai International Centre	<ul style="list-style-type: none"> <li>• Adoption of Annual Accounts for the year ended March 31, 2014.</li> <li>• Declaration of Dividend on equity shares.</li> <li>• Appointment of Deloitte Haskins &amp; Sells as the Statutory Auditors.</li> <li>• Appointment of Mr. Janki Ballabh and Mr. N. Subramaniam as Independent Directors.</li> <li>• Vacancy caused by the retirement of Mr. Sanjiv Sarin, Director, who retires by rotation at the AGM not be filled.</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of the Related Party Transaction with M/s. Praxis Consulting and Information Services Pvt. Ltd. for a period from October 3, 2013 to October 2, 2014.</li> </ul>
<b>FY 12-13, July 10, 2013, 11.30 a.m.</b>	Sri Sathya Sai International Centre	<ul style="list-style-type: none"> <li>• Adoption of Annual Accounts for the year ended March 31, 2013.</li> <li>• Re-appointment of Mr. Janki Ballabh and Mr. Prithvi Haldea as Directors.</li> <li>• Appointment of Deloitte Haskins &amp; Sells as the Statutory Auditors.</li> <li>• Declaration of Dividend on equity shares.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularisation of appointment of Prof. Trilochan Sastry and Mr. N. Subramaniam - Additional Directors.</li> </ul>
<b>FY 11-12, July 11, 2012, 11.30 a.m.</b>	Sri Sathya Sai International Centre	<ul style="list-style-type: none"> <li>• Adoption of Annual Accounts for the year ended March 31, 2012.</li> <li>• Re-appointment of Mr. Arun Shekhar Aran and Mr. Sanjiv Sarin as Directors.</li> <li>• Appointment of Deloitte Haskins &amp; Sells as the Statutory Auditors.</li> <li>• Declaration of Dividend on equity shares.</li> </ul>	

Table 13

(ii) Detail of Attendance at the AGM held for FY 13-14

AGM Date: July 8, 2014	Mr. Janki Ballabh	Mr. Vishnu R Dusad	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Mr. N. Subramaniam
	√	√	√	√	√

No Extraordinary general meeting was held by the Company during the financial year ended March 31, 2015.

## Report on Corporate Governance

### e) Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engaged the service of Karvy Computershare Pvt. Ltd. for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose name appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants (in case of electronic shareholding)/ the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/ authorized officer. The results are also displayed on the website of the Company, [www.nucleussoftware.com](http://www.nucleussoftware.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

### f) Postal Ballot

During the year, the Company conducted 2 postal ballots and passed following Resolutions by postal ballot:

#### (i) Postal ballot -1

Resolution	Votes cast in favour		Votes cast against		Date of Declaration of Results
	No. of votes	%	No. of votes	%	
Appointment of Mr. Prithvi Haldea (DIN – 00001220) as an Independent Director	19,345,778	97.42%	512,627	2.58%	January 16, 2015
Appointment of Prof. Trilochan Sastry (DIN – 02762510) as an Independent Director	17,402,179	87.63%	2,456,226	12.37%	
Appointment of Mrs. Elaine Mathias (DIN – 06976868) as an Independent Director	19,858,305	100.00%	100	0.01%	
Appointment of Mr. R.P. Singh (DIN – 00008350) as a Whole Time Director	19,240,378	98.40%	312,177	1.60%	

**Note: - All the above resolutions were passed by the requisite majority**

#### (ii) Postal ballot-2

Resolution	Votes cast in favour		Votes cast against		Date of Declaration of Results
	No. of votes	%	No. of votes	%	
Approval of Nucleus Software Employee Stock Option Plan 2015 and grant of Employee Stock Option to the employees of the Company	19,526,575	98.22%	353,950	1.78%	February 20, 2015
Grant of Employees Stock Options to the employees of the Subsidiary Company (ies) of the Company under Nucleus Employee Stock Option Plan 2015	19,526,550	98.22%	353,975	1.78%	
Approval of acquisition of equity shares from secondary market through Employee Welfare Trust for the implementation of Nucleus Employee Stock Option Plan 2015	19,543,253	98.30%	337,272	1.70%	
Provision of Loan by the Company for purchase of its own shares by the Trust/Trustees for the benefit of employees under Nucleus Employee Stock Option Plan 2015	19,543,203	98.30%	337,322	1.70%	

**Note: - All the above resolutions were passed by the requisite majority**

## Report on Corporate Governance

The Company successfully completed the process of obtaining approval of its shareholders for the above resolutions on the items detailed above, vide postal ballots.

Mr. Sanjay Grover, Company secretary was appointed as the scrutinizer for carrying out the above postal ballot process in a fair and transparent manner.

There is no immediate proposal for passing any resolution through Postal Ballot.

### 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. The disclosure of transactions with related parties is set out in Note 2.31 of Standalone Financial Statements, forming part of the Annual 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 the revised Listing Agreement with the Stock exchanges, the Board adopted a revised Whistle Blower Policy.

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

- Provision is made for adequate safeguards to employees against their victimisation 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.

#### (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.

#### (f) 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.

#### (g) 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.

#### (h) Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis is provided in this Annual Report. As a voluntary initiative, the Company also prepares and publishes Management Discussion

## Report on Corporate Governance

and Analysis for the consolidated financials in the Annual Report, which is also provided later in this Annual Report.

### (i) Subsidiary Companies

The Company has seven subsidiaries across the globe; all of which are wholly-owned. The following table provides a list of all these subsidiaries as on March 31, 2015.

Date of Incorporation	Subsidiaries	Location
February 25, 1994	Nucleus Software Solutions Pte. Ltd.	Singapore
August 5, 1997	Nucleus Software Inc.	USA
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan
May 6, 2004	VirStra <i>i</i> -Technology Services Limited	India
February 2, 2006	Nucleus Software Netherlands B.V.	Netherlands
April 21, 2008	Nucleus Software Ltd.	India
February 3, 2014	Nucleus Software Australia Pty Limited	Australia

Table 14

### (j) Unlisted Indian Subsidiary Companies

The Company has two Indian subsidiaries; Nucleus Software Ltd. and VirStra *i*- Technology Services Ltd. Both 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. and Nucleus Software Ltd.
- (iv) The minutes of the Board meetings of both VirStra *i*- Technology Services Ltd. and Nucleus Software Ltd. 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 on Related Party Transactions, as approved by the Board can be accessed on the Company website link : <http://www.nucleussoftware.com/investors> .

### E. General Shareholder Information

• <b>Date of incorporation</b>	9th January, 1989
• <b>Registered Office</b>	33-35, Thyagraj Market New Delhi-110 003 India
• <b>Corporate Office</b>	A-39, Sector 62 Noida, 201307 India
• <b>Date and time of Annual General Meeting</b>	July 8, 2015, 11.30 a.m
• <b>Venue of Annual General Meeting</b>	Sri Satya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003
• <b>Date of Book Closure for AGM</b>	July 2 to 8, 2015 (both days inclusive)

#### Financial Calendar for the financial year 2015-16 (tentative and subject to change)

Financial reporting for :	Tentative dates
First quarter ending June 30, 2015	between July 20-31, 2015
Second quarter ending September 30, 2015	between October 20-31, 2015
Third quarter ending December 31, 2015	between January 20-31, 2016
Year ending March 31, 2016	between April 20- 30, 2016
Annual General Meeting for the year ending March 31, 2016	July 2016

• <b>Listing on Stock Exchanges</b>	<b>Scrip Symbol/Code</b>
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995	531209
• <b>International Securities Identification Number</b>	INE096B01018
• <b>Registrars of Company &amp; Share Transfer Agents</b>	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

The annual listing fees for 2015-16 have been paid to both the Stock Exchanges.

## Report on Corporate Governance

### a) Dividend Payment Date:

The Board of Directors have recommended to the shareholders a final dividend of ₹ 5.00 per share (on equity share of par value of ₹ 10 each). The dividend, if approved at the Annual General Meeting, will be payable to Members whose names appear on the Register of Members of the Company on July 2, 2015, being the first day of Book-Closure and to those whose names appear as beneficial owner in the records of National Securities Depositories Ltd. and Central Depository Services (India) Ltd. on close of business as on July 1, 2015.

### b) Market Price Data on NSE & BSE for the financial year 2014-15

Month	NSE			BSE		
	High (₹)	Low (₹)	Total Volume	High (₹)	Low (₹)	Total Volume
April 14	251.75	217.05	2,287,088	250.90	217.80	601,069
May 14	232.50	177.90	2,405,556	232.25	178.00	356,906
June 14	222.40	187.30	2,119,149	221.55	187.00	514,014
July 14	232.10	193.50	2,272,565	232.00	193.00	552,465
August 14	235.00	170.15	2,758,998	234.90	171.50	702,287
September 14	273.95	218.60	6,978,838	273.80	219.00	1,892,497
October 14	240.00	205.00	2,043,732	240.00	202.30	581,831
November 14	235.70	202.95	1,542,366	236.00	206.00	394,119
December 14	222.40	175.70	1,169,526	222.00	177.50	380,942
January 15	212.90	178.25	1,666,382	213.00	180.00	391,019
February 15	196.00	172.00	939,348	195.90	173.00	270,656
March 15	209.20	160.05	168,1692	210.40	160.20	460,770
<b>Total Shares traded during the year</b>			<b>2,7865,240</b>			<b>7,098,575</b>

Table15

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

### c) 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 Stakeholders Relationship Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares as and when required.

The Company obtains from a Company Secretary in practice, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

### 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 32,242,604 shares (99.56 % of the paid up share capital) as at March 31, 2015.

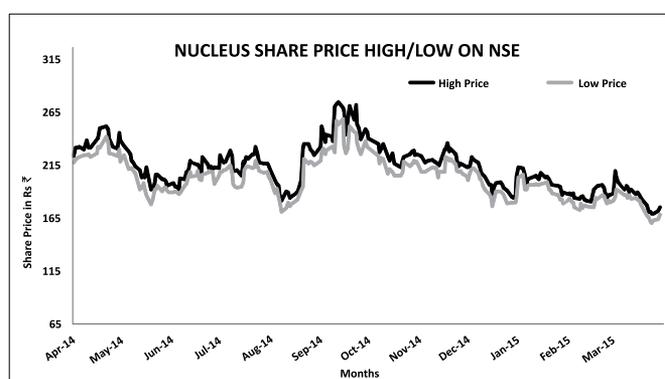
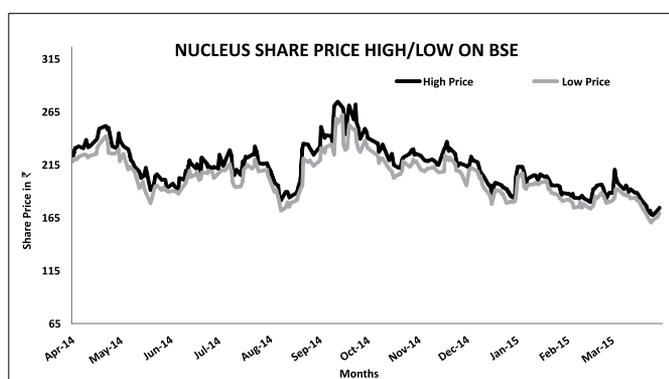
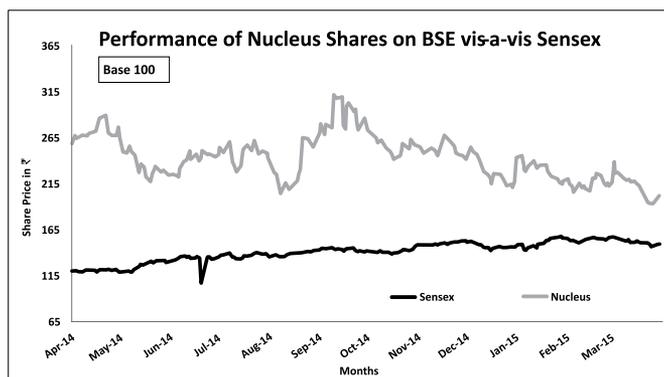
The procedure for converting the shares in dematerialized mode is as under:

- 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.

## Report on Corporate Governance

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.



### e) Electronic Clearing Services (ECS)/National Electronic Clearing Services (NECS) facility

The dividend 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.

### f) Shareholding Pattern of the Company as at March 31, 2015

Category	As on March 31, 2015		
	Share Holders	Share Holding	Share Holding (%)
<b>Promoter and Promoter Group</b>	<b>11</b>	<b>19,631,866</b>	<b>60.62</b>
<b>Public Share Holding</b>			
Mutual Funds	5	764,284	2.36
Financial Institutions /Banks	2	35,689	0.11
Foreign Institutional Investors	17	2,777,999	8.58
Individuals	15,659	7,711,731	23.81
Bodies Corporate	444	773,810	2.39
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts	451	688,345	2.13
<b>Total</b>	<b>16,589</b>	<b>32,383,724</b>	<b>100.00</b>

Table 16

## Report on Corporate Governance

### g) Distribution of Shareholding

Equity Shares Held		As on March 31, 2015				As on March 31, 2014			
		Share Holders		Shares		Share Holders		Shares	
From	To	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)
1	100	10,046	60.55	441,344	1.36	9,634	64.19	404,676	1.25
101	200	2,161	13.03	376,634	1.16	1,843	12.28	321,019	0.99
201	500	2,128	12.83	765,507	2.36	1,688	11.25	609,799	1.88
501	1,000	1,163	7.01	879,907	2.72	970	6.46	731,073	2.26
1,001	5,000	875	5.27	1,913,972	5.91	677	4.51	1,478,031	4.56
5,001	10,000	104	0.63	753,364	2.33	93	0.63	660,368	2.04
10,001	and above	112	0.68	27,252,996	84.16	103	0.68	28,178,758	87.02
<b>TOTAL</b>		<b>16,589</b>	<b>100.00</b>	<b>32,383,724</b>	<b>100.00</b>	<b>15,008</b>	<b>100.00</b>	<b>32,383,724</b>	<b>100.00</b>

### h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2015, 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 2014-15.

### i) Employee Stock Option Plans (ESOP)

Your Company has three Employee Stock Option Plans in operation- ESOP 2005, ESOP 2006 and ESOP 2015. During the year, the Company launched ESOP Plan 2015 .

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 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 Compensation Committee from time to time .

### j) 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, U.S.A, Australia and branch offices in Mumbai and Chennai in India and Dubai (UAE) and London (UK).

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.

A Subsidiary, VirStra *i*- Technology Services Limited operates a Development Centre at Pune (Maharashtra) under the Software Technology Park Scheme of the Government of India.

A wholly-owned subsidiary, Nucleus Software Limited (NSL), operates from a Special Economic Zone, Mahindra World City, Jaipur Ltd. (MWCJL).

### PARENT COMPANY

#### Nucleus Software Exports Ltd.

<b>Registered Office</b> 33-35, Thyagraj Nagar New Delhi-110 003 India	<b>Corporate Office</b> A-39 Sector 62 Noida-201 307 India
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### 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.

3086 Congressional Office Park,  
Suite 10, Kendall Park, NJ 08824  
**USA**

#### Nucleus Software Netherlands B.V.

Strawinskylaan 921 Tower A  
(World Trade Center) 1077 XX  
Amsterdam  
Netherlands

#### VirStra *i*- Technology Services Limited

Marisoft 1, 6th Floor, Marigold Premises,  
Vadgaon Sheri  
Pune 411 014  
**India**

#### Nucleus Software Ltd.

Plot No. IT- A - 017,  
Mahindra World City (Jaipur) Ltd.  
IT/ITES Special Economic Zone  
Jaipur 302 037  
**India**

# Report on Corporate Governance

## **Nucleus Software Australia Pty. Ltd.**

Suite 4, 96-98 Wigram Street  
Harris Park  
NSW 2150  
Australia

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### **Branch Offices in India**

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#### **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**

Building No. 40,  
II Main Road  
Ambattur Industrial Estate Ambattur  
**Chennai 600 058**

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### **Branch Offices in Overseas Locations**

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#### **A. London (UK)**

**Nucleus Software Exports Ltd.**  
1520, City Point  
1, Ropemaker Street  
London EC2Y 9HT,  
**UK**

#### **B. Dubai (U.A.E)**

**Nucleus Software Exports Ltd**  
Office #305, EIB Building # 05,  
Dubai Internet City (DIC),  
**Dubai, U.A.E.**

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#### **k) Investor Correspondence may be addressed to:**

The Company Secretary  
Nucleus Software Exports Ltd.,  
33-35, Thyagraj Market  
New Delhi-110003.  
India  
Tel: +91-(120)-4031400  
Fax: +91-(120)-4031672  
**Email: investorrelations@nucleussoftware.com**

#### **l) 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.

#### **m) CEO/CFO Certification**

As required by Clause 49 of the listing agreement, the CEO/CFO certification is provided as Annexure A to the report on Corporate Governance, in this Annual Report.

#### **n) 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, Sanjay Grover & Associates, Practising 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.

#### **o) 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, 2015. A declaration to this effect signed by the Managing Director has been published as Annexure B to this report on Corporate Governance.

#### **p) 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.

#### **F. Compliance with Non-Mandatory Requirements of Clause 49**

Clause 49 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 Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

##### **a. Shareholder Rights**

The Clause 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.

## Report on Corporate Governance

- The announcement of quarterly/annual results is followed by:
    - o Media interactions, wherein business television channel in India telecasts discussions with our CEO.
    - 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](http://www.nucleussoftware.com) for investors' information.
    - o The Company also send 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. Audit Qualification**  
The Company is in the regime of unqualified financial statements.
- c. Separate posts of Chairman and CEO**  
The Company has separate persons as Chairman and Managing Director/CEO.
- d. Reporting of Internal Auditor**  
The Internal auditor reports directly to the Audit Committee.